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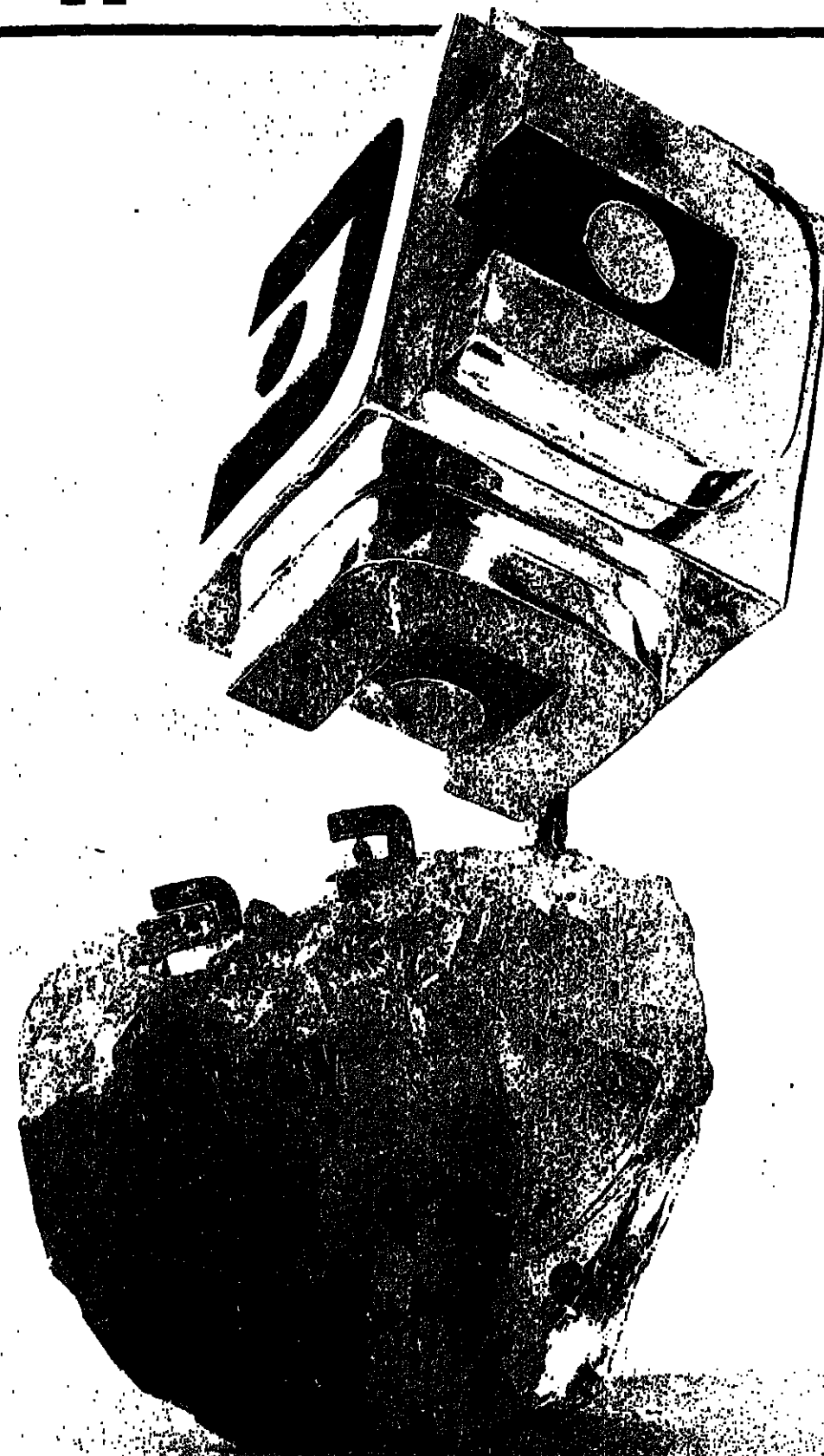
Following the initiative of Dr. Benjamin Zeev Herzl, the Anglo-Palestine Bank (known today as Bank Leumi Le-Israel) was established in 1902 by Zelman David Levontin, with the aim of financing Jewish settlement in Palestine.

The first 80 years of Bank Leumi represent only the beginning. As we accompany you into our second 80 years, we bring with us all the momentum and new ideas appropriate to a top-ranking bank of international standing. Our major aim remains the same as always — that our network of branches in Israel and abroad continue to provide you with the high standard of banking services that is the hallmark of Bank Leumi.

THE JERUSALEM
POST
Supplement

Thursday, May 20, 1982

Koor Industries



**Talent,
motivation
and
technology**



	1981	1982 FORECAST
TOTAL SALES	340 MILLION DOLLARS	350 MILLION DOLLARS
EXPORTS	140 MILLION DOLLARS	160 MILLION DOLLARS
NUMBER OF EMPLOYEES	8,800	9,200
PRODUCTION DIVISIONS	4	5
NUMBER OF PLANTS	14	16
AREA OF PLANTS AND OFFICES	206,000 SQ. METERS	206,000 SQ. METERS

FACTS AND FIGURES SPEAK FOR THEMSELVES



TADIRAN
Israel Electronics Industries Ltd.

KOOR INDUSTRIES LTD. has been variously described as a "concern," a "complex," a "holding company." But to its 30,000 employees — workers and management alike — it is usually regarded as a "concept."

For the notion of a concern, a complex or a holding company implies only the limited sense of a huge and varied industrial and/or business enterprise. A "concept" includes all of these, plus an underlying philosophy which puts it in a class of its own.

Strangely enough — or perhaps it is natural for Israelis who are so politically minded — Koor is better known — and watched — in the business world of the West than it is in Israel. For the Western business community is fiercely competitive — read capitalistic — and Koor is owned by the Histadrut, through its holding company, Hevrat Ovdim. How does Koor manage to keep on expanding every year?

Every year, Western businessmen scan *Fortune* magazine's list of the 500 largest concerns outside the U.S. to see Koor's standing. And Koor — competing on the West's terms with industrial giants from West Germany, Japan, Britain, France, Italy, Holland and Belgium — has managed for years to maintain an enviable place

The Koor 'concept'

among the top 200.

The Koor "concept" does not eliminate the "profit motive," which is the *raison d'être* of enterprises in the West. Koor, which admits that "profit is not a dirty word," simply gives it another definition: profit is a measure of efficiency, of productivity, of competitiveness.

But the ultimate objective in securing profits is different at Koor.

Most of Koor's profits are ploughed back into expanding the concern or spent on R & D. And some of the profits are handed back to the workers under the profit-sharing plan, which also increases worker identification with his plant and reduces labour problems.

And of Koor's 100 industrial concerns, 30 have

"capitalist" investments, both local and foreign. Socialism and capitalism seem to co-exist quite well at Koor.

Due to its huge size — 150 financial/commercial/business companies, as well as 100 industrial ones, Koor is well placed to ride out economic storms.

Another part of Koor's philosophy is what it calls its "national and social objectives." National means many things, ranging from increasing exports to helping to earn foreign currency for Israel and to keeping employment high, as well as setting up plants in development areas where a job for the bread-winner means not only the future of his family, but the future of the entire area.

Social means trying to find alternative employment for a worker who has to be fired if his plant is closed down — yes, Koor does close down an occasional plant, although it makes every effort to keep it alive by retooling and introducing more productive methods. Social also means better conditions of work.

Today, Koor produces 10 per cent of Israel's industrial output and 12 per cent of its industrial exports. (Diamonds excluded.) It has more than 40 offices abroad on six continents, and it is the largest "Israeli economic presence" in Egypt.

PEOPLE BEFORE PROFITS

Koor managing-director Naftali Blumenthal describes the goals of Koor to The Post's David Krivine.

KOOR is a vast, profit-making business, yet it belongs to the Histadrut, Israel's trade union movement. How does it differ from a privately owned, capitalistic enterprise? I asked MK Naftali Blumenthal, Koor's managing-director.

"For us in Koor," he says, "profits are not the ultimate objective. We see them rather as a measuring rod. They serve to test whether the undertaking is working efficiently in the country's market economy. Profits are an asset, a resource that can be re-invested to feed development; they are not an end in themselves.

"The social aim is what counts — our partnership with the workers, the welfare of our labour force, job creation. We use the same instruments as the private sector: money, equipment, finance. But our goals are not the same."

"What difference does all this make to your investment programme?"

Says Blumenthal: "Investment must have a purpose. People wanting to make a windfall will put their money, say, in real estate. We don't do that. We often take premises on lease for our workplaces instead of buying them. Koor is not interested in speculation.

"We were confronted by Vulcan's old-fashioned foundries. Closing Vulcan down would have stanchied our losses. A private company might have taken that course, but we have the workers to consider. So we re-tooled the factory from scratch. There might not be any profits in the next five years. Never mind, profits will be forthcoming after that, we can wait."

Carried away by the theme, he develops it further. "For people whose sole idea is to make a killing, the best course nowadays is to forget about productive enterprises: to use the money to buy tradeable paper assets in Israel, or, for that matter, abroad."

Blumenthal describes a hypothetical situation where a person has \$1 million to invest.

"You can borrow another \$14m. and start a business. But the cost of the loan (if it is not for an approved enterprise) comes to 170 per cent a year."

"Should you decide to invest your \$15m. in the stock exchange, you can earn these high percentages instead of paying them. Moreover, the income will be tax-exempt. If an industrial firm buys the same securities, it is denied that privilege."

We were getting away from the subject, so I said provokingly: "Histadrut members don't feel they own Koor, so what good is this supposed proprietorship to them?"

His reaction was vehement: "Of course some of them don't, just as some Israeli nationals often don't feel they own the country. The benefits of citizenship are taken for granted, yet they are considerable."

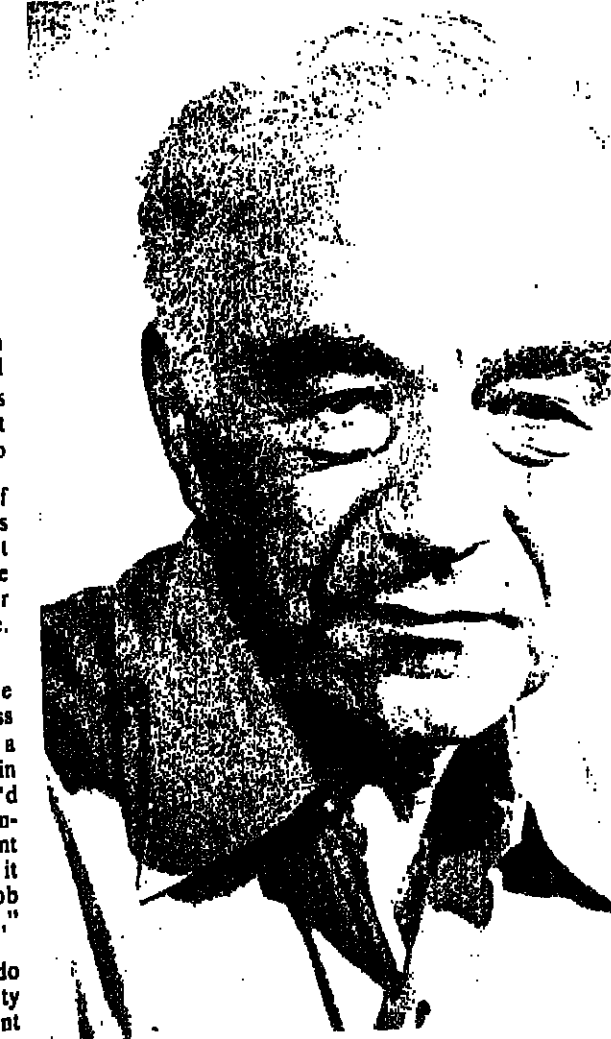
"THE BENEFITS derived from the labour movement are not less impressive. Imagine if we lived in a society dominated by capitalism in its strongest form, then we'd notice the difference. All governments in Israel have to take account of the Histadrut and the values it maintains: social security, job security, fair wages, equal rights," according to Blumenthal.

"Tell me, in which country do you find a major economic entity like Hevrat Ovdim (Koor's parent company, controller of all Histadrut enterprises), which does not know what it is to have a numbered bank account in Switzerland?"

"When a socialist government was elected in France, a lot of capital fled the country. That doesn't happen with the Histadrut sector. Our resources are all devoted to Israel's economic progress."

"Why," I pressed him, "are not people more aware of the ideals that inspire your companies?"

"Before statehood in 1948, the Histadrut's special purpose was more apparent. When a government of our own, Jewish, Zionist and



Naftali Blumenthal... "The social aim is what counts."

socialistic, took power, it naturally enough assumed many of the tasks that had formerly belonged to the workers' movement. If you recall," he continues, "the labour trend was abolished in the schools and replaced by state education, the employment service became state-owned, and so on."

"Our prime purpose before had been to build up the country and to spread socialist and labour ideas. Now we could, in our capacity as entrepreneur, turn our attention to urgent problems of a

more practical nature, like efficiency and productivity."

When the right-wing Likud party acceded to power in 1977, Blumenthal says, it seemed as if the state was no longer bound by the progressive principles we had taken for granted, and could throw them away."

"That created a new situation, necessitating a return to the past. The Histadrut must resume today its old-time role as fighter for workers rights and guardian of social principles."

Blumenthal has been with Koor for

30 years, heading it during the last five years. This summer he plans to retire from his post as managing-director and will become company chairman. He defines his new task as one of guiding and advising rather than of administering.

Asked what has changed over the last three decades, he pauses to consider: "Everything is bigger, of course — the labour force, the equipment, the sums of money we handle. At the beginning there were 3,000 workers, now they number 30,000."

"More striking perhaps is the functional change. We used to manufacture metals, cement, glass, ceramics. Traditional construction-oriented industries were everything. At present they account for 20 per cent of our activity."

"In 1952 when I came in, none of our subsidiaries made chemicals or electronics. Those two branches currently constitute half our industrial output."

"Did you encounter labour problems?"

"There could well have been, the country underwent an industrial revolution. We were lucky to be employing Jewish workers, able to take innovations in their stride. They adapted effortlessly, we had no problems with mechanization."

THE TONE OF BLUMENTHAL'S talk was changing as the subject stirred up thoughts buried deep inside him. He seemed to be thinking aloud, summarizing impressions of 30 years of management in Israel's biggest industrial complex.

"You remember the old Labour Zionist creed, that the Jew must rediscover the joys of manual labour, that we must live by the toil of our hands and the sweat of our brow? That theory has turned out to be nonsensical."

The Jews are unsatisfactory subordinates, they have a distaste for repetitive, mechanical, monotonous work. They don't apply themselves laboriously to simple tasks day after day, he says.

"We tried to adapt the people to

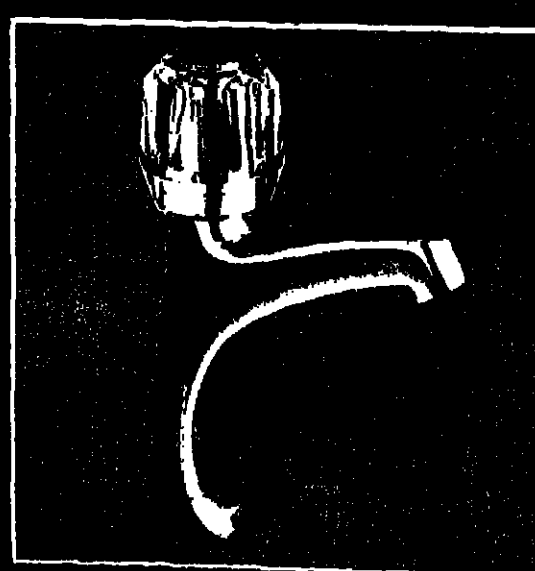
(Continued on page 21)

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The dynamics of Koor

'We never forget that Koor considers itself an integral and important factor in building the state,' executive vice-president Yeshayahu Gavish tells The Post's Macabee Dean

IT IS possible — but highly improbable — that the average citizen can live a day in Israel without using or coming into contact with a Koor product.

Few Israelis know this, for they fail to realize — as do even some of the company's own employees — just how wide the range is of the concern's activities.

Koor encompasses some 250 separate companies, of which about 150 are active in such fields as research and development (R&D), marketing, commerce, management, finance, etc. But it is the remaining 100, all industrial plants, which provide the bulk of goods which the Israeli sees every day: toilets and other sanitary installations, tiles, soaps, toothpaste, shaving cream, cosmetics, margarine, cutlery, dishes...

These 100 companies constitute 10 per cent of all industrial sales in Israel; they also ship 12 per cent of all industrial exports abroad, excluding diamonds.

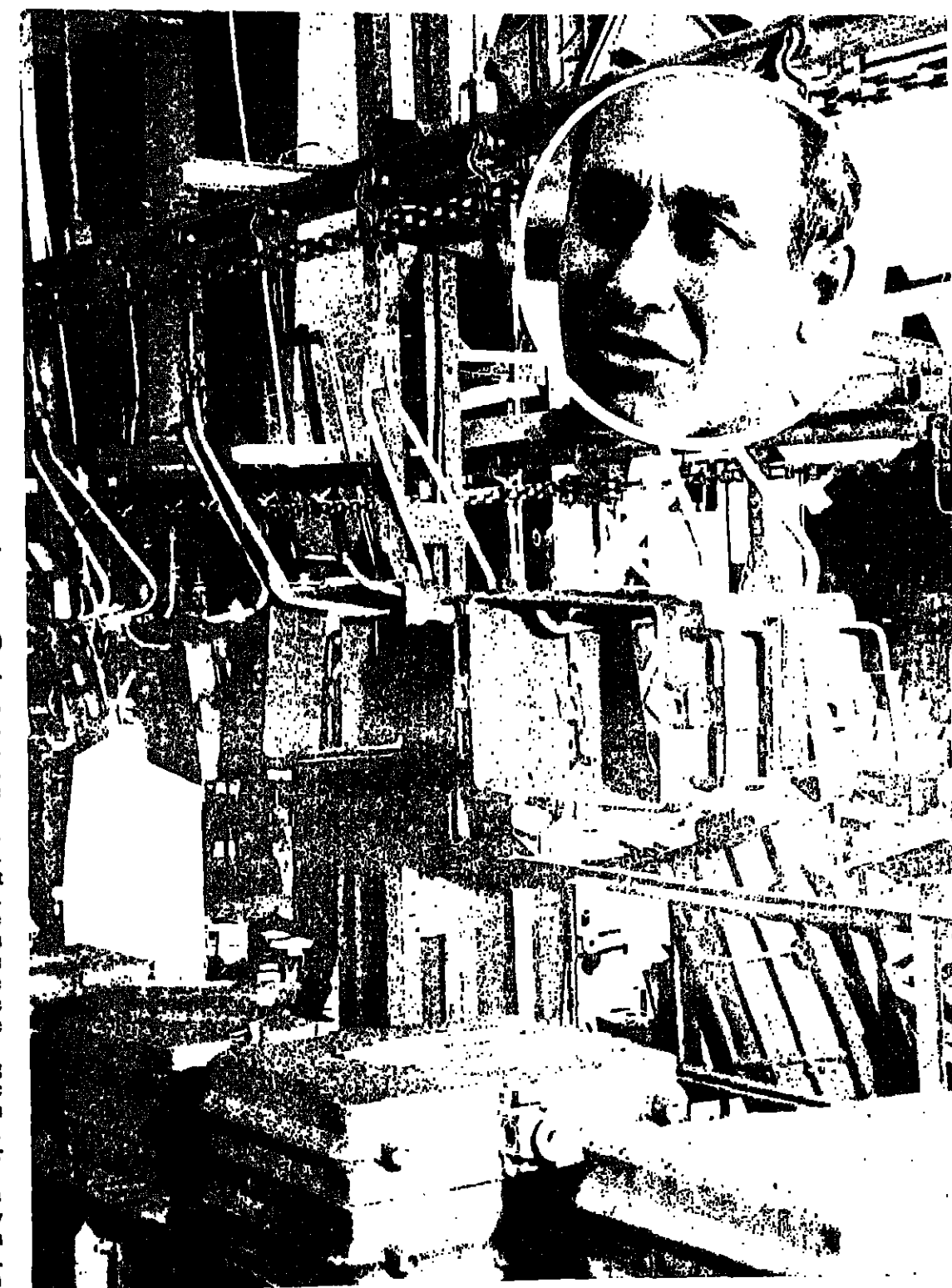
One man who has an excellent overview of Koor is General (res.) Yeshayahu Gavish not only by virtue of his office on the 15th floor of the building where Koor has its headquarters on Tel Aviv's Sderot Shaul Hamelach, but due to the fact that he is executive vice-president, and also heads Steel and Metals, the concern's largest group.

"Most people regard Koor as a holding company. In theory it is, but in actual practice it is much more: it is a management company. And it actually manages since it has more than 50 per cent of the voting rights in these 250 companies, and it has also 50 per cent or more of the equity in these companies." (There are several companies where the equity is less than 50 per cent.)

With no two companies being alike, its wide range of economic activities allows Koor to sail rough economic and financial seas with something approaching an inner calm.

"One outstanding characteristic of Koor is that when one company faces hard times, the others pitch in and help carry it until the tide turns. This is what we call 'mutual help in action'," says Gavish.

But what happens to a plant which runs into a true dead end, and will probably remain a financial burden in the future on its sister companies. Will Koor — which is owned by the Histadrut through



Hevrat Ovdim, the Histadrut's holding company — close the money-losing plant down, dismiss the workers and let the "long-range profit motive" take over?

Gavish answers: "Our solutions to

a failing plant are many. The only thing which can be said in general is that each solution is individual. During the past seven or eight years, Koor has (in one, sometimes in two cases) closed down a plant

entirely while trying to find alternative employment for the workers. (It has) sold a plant to another company which thought it could make a loser into a winner, it retooled and/or introduced new R & D, it has

gone into partnership with an outside firm, and so on.

"The best known case is probably Koor's two pharmaceutical plants, Plantex and Ikupharm, which ran into all sorts of problems. Koor sold them to Teva, a private firm, but Koor received in return a block of Teva shares," says Gavish.

How does a "socialist" concern like Koor get along with both local and foreign "capitalists"?

"Excellent," he says. "Huge shares of stocks are held by local or foreign investors in 30 of our 100 industrial plants. We in Koor probably have more foreign 'capitalistic' investments than any other Israeli concern. To name only a few companies with large capitalistic investments: Tadiran, Alliance, Blue-Hand."

Gavish admits that some foreign investors have pulled out — Steel City is the best known case — but because of business reasons.

"It had nothing to do with the fact that we were not capitalists. In the last year alone, two foreign investors joined forces with Koor. One is an American firm which invested in our algae ponds in Filat; the other is an English company which is putting money into recycling aluminum. And another proposal is under serious consideration."

Koor — as distinct from Koortrade, which has many overseas projects — has even begun to make investments in plants abroad. Two have already been completed in Europe. In the first plant, Koor is the sole owner and has invested some \$7 million, while in the second plant, in southern Europe, Koor has put up 30 per cent of the \$3m. invested.

Of Koor's total industrial sales of about \$1,700m. this year, some 31 per cent will be exported. This compares with 17 per cent ten years ago, and with the goal of 50 per cent in another decade.

Having a plant abroad, which supplements the local line of Koor's goods or which facilitates sales, is an important step in increasing exports.

Future growth in exports: The Steel and Metals Group, which will have sales of about \$450m. this year, will continue to produce the most goods. However, its export growth will be third among the various groups, and will increase mainly in (Continued on page 21)

KOOR IS continuing to make a substantial contribution to almost every aspect of Israel's economic well-being. Last year, it recorded a sales turnover of \$2.7 billion, while industrial exports totalled \$490 million and investments, \$120 million.

And the forecast for 1982 shows continued, steady growth: It is estimated that the sales turnover will amount to some \$2.9 billion, industrial exports to \$530 million and investments to \$150 million.

Koor also continues to provide an increasing number of jobs for Israel's work force. Last

Koor — an overview

year, it provided jobs for 29,000 people, and the forecast for 1982 shows an increase to 31,600 employees on its payroll.

In terms of Koor's share in Israel's industry for 1981 (excluding diamonds), sales amounted to 10 per cent, exports to 12 per cent, investments to 12 per cent and employees to 9 per cent.

Koor's forecast for industrial exports in 1982 are also impressive.

The projected total of \$530 million in exports is distributed among the various Koor branches as follows: Steel and Metals, \$114 million; Chemicals, \$112 million; Tadiran, \$160 million; Food and Consumer Goods, \$28 million; Glass and Ceramics, \$15 million; Electric and Electronics, \$28 million; and Alliance Tires, \$55 million. The remaining \$18 million will come from other sectors.

The combination of Koor's enormous size and its progressive approach to business and labour relations has enabled the organization to take the lead in many fields.

It is a leader in innovation, with about 50 per cent of its exported products based on company-developed R&D.

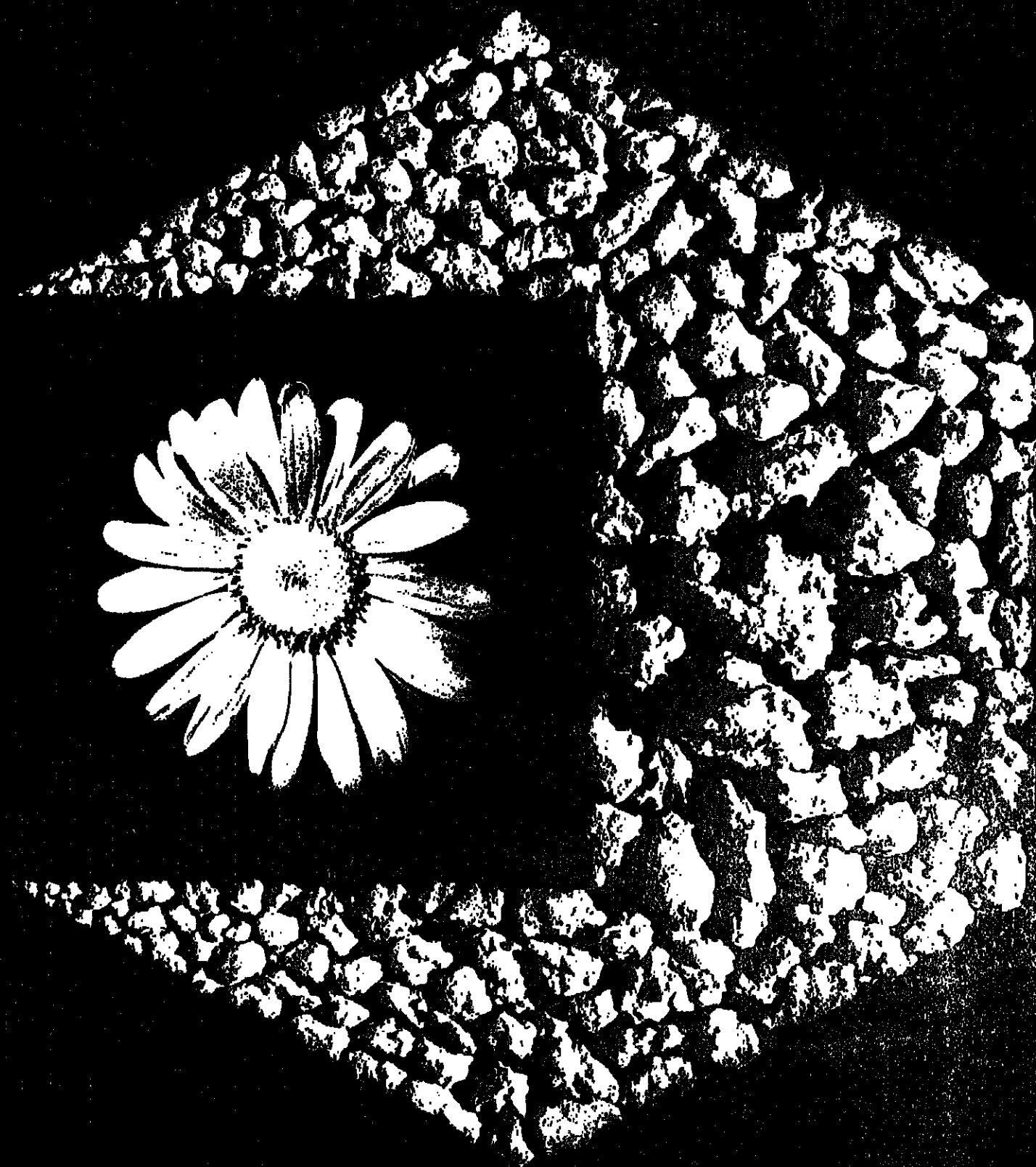
It is also the nation's leader in profit-sharing and worker participation (one-third of the

members of Koor's board of directors represent the company's workers and participate in all the board's committees).

And it is a successful joint-venture participant in 50 enterprises with local and overseas investors.

Moreover, it produces 25 per cent of Israel's chemical exports and 50 per cent of electronic exports.

And Koortrade — the trading and marketing arm of Koor Industries — is today active in six continents through 46 branches and representations.



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Egypt is one of Koortrade's newest markets. Koortrade expects to export \$10m. worth of goods to Egypt in 1982.

(Rubinger)

A change in emphasis

KOORTRADE, Israel's largest trading organization, is changing its tune.

"Once we concentrated mainly on selling products. Now we are putting more and more stress on selling entire projects," according to Moshe Balla, president of Koortrade.

The company sold goods valued at \$640 million in 1980, slightly more than \$700m. last year, and the target for this year is \$800m.

The difference between a "product" and a "project" is immense. A "product" may be one or another of the following: floor tiles, bath tubs, sanitary fittings, furniture. A "project" can be a complete hotel — including floor tiles, bath tubs, installations, electrical wiring, furniture and so on, down to "salt shakers and tooth-picks."

"A finished project," Balla explains, "is the best advertisement for all the single products."

To facilitate the drive to sell whole projects, Koortrade's International Projects Division, headed by Amir Segev, has been considerably "beefed up."

The shift away from product-orientation, although it started several years ago, recently received new impetus due to the world-wide economic recession. Markets which were once the stamping grounds of Koortrade — such as Africa and the Far East — suddenly became the objects of interest of the world's industrial giants.

"Many of our former competitive advantages disappeared under this onslaught by the 'giants.' So we decided to intensify our shift to projects," according to company management.

Details of such projects — place, type, cost, manpower, etc. — are

released by Koortrade only in the vaguest terms. For example, one project, written up in glowing words in a brochure intended to attract new customers, mentions none of these facts. Only by studying the pictures (and not the written text), does it become apparent that the successful project is located in Zaire.

At present, Koortrade has been devoting its energies to a large project in Africa, and is in the advanced stages of negotiating for another three. It is also in the final stages of setting up a 4,000-dunam cotton farm in Central Australia.

"THE OBJECTIVE is to sell our irrigation equipment, other agro-mechanical equipment and our know-how," says Murray Grant, manager of marketing development.

Such projects are becoming priorities as well in Latin America and the Caribbean, Egypt and southeast Asia. On a global scale, projects in Australia and Canada are secondary target areas today, but Koortrade hopes to upgrade them as soon as possible to primary targets, and to tackle at least one serious project in the U.S., now in the negotiating stage.

The projects in Egypt are so far only medium-sized. A few have been set up on private farms, with an investment of about \$50,000 on each. A full-time Israeli agronomist is on call there as an adviser to the projects.

Each of them is on an area of more than 120 dunams, and covers all phases of farming: planning, planting, irrigation equipment (know-how and installation), water management, agro-chemicals, etc.

"Each situation, even one located fairly close to the other, has its own, special dynamics," the Koortrade people point out. "We want these projects to succeed, so we start off with a feasibility study. This is followed by working out the objectives of the project, then financial and management studies are made. All this is preliminary to taking the real first steps. We do everything to make sure that success is assured before we start."

Three main types of Koortrade involvement are possible.

"Some ventures are joint, but we usually ask for less than 50 per cent since we want our partners to know and to feel that they are in charge."

A second method is to structure and manage a project, financed by a foreign entity, and then "gradually to phase ourselves out," as local management gradually takes over. And there is also signing a contract for a project and when it is finished, turning over the "keys" and handing over without any follow-up supervision — unless specifically asked for.

AS FOR ACTUAL product trade with Egypt — as distinct from projects — Balla notes that Koortrade shipped goods valued at \$4m. in 1981. This consisted mainly of soy-

bean meal, hatching eggs, day-old chicks, food additives, veterinary medicines, tires, etc. This year's goal, in the \$9m. to \$10m. range, includes setting up a huge poultry ranch which will cost an estimated half of this total when completed. In addition, it is also planned to send a milk tanker, containing some 20,000 litres of cooled, fresh milk daily across the Sinai desert.

"We have already reached agreement in principle with the Egyptians, but we have to wait until the formalities are complete so that the tanker can cross without having to unload and be reloaded on an Egyptian tanker. This might spoil the milk."

At present, all types of goods must be unloaded and reloaded at the border customs station.

Grant adds that Koortrade is also aiming at stepping up sales to Egypt in industrial products and it is hoped that during the current year, Alliance tires (mainly for agriculture vehicles) valued at \$500,000 will be sold and shipped, as well as \$250,000 worth of Tambour paints.

Balla does not expect "tremendous" growth in trade between the two countries until the Egyptian government agencies, which do most of the importing, begin to do serious business with Israel.

"But we do expect a gradual growth — as this year shows — as our products begin to make a name for themselves."

Koortrade is putting the accent on selling projects to help sell products, reports The Post's Macabee Dean.

Despite the shift on emphasis to projects from products, Koortrade's main bread-and-butter still comes from the latter. Here, there is a distinct emphasis on selling more sophisticated electronic goods, especially in the field of medical electronics. There are more than half-a-dozen companies in Israel active in this field. A second policy is expanding the field of food products, such as turkey meat, soy products (such as meatless hot dogs), cheese and dehydrated fruits and vegetables.

Koortrade is not only an exporter. It has considerable business in importing and selling within Israel proper, and in arranging sales between foreign countries.

Of the \$700m. worth of sales in 1981, some \$200m. were within Israel itself; \$270m. were Israeli exports; another \$120m. were imports; and about \$110m. were sales in non-Israeli goods between foreign countries. (The importance of the latter is that it helps to "fill a complete line." Some importers want to buy everything from one seller, so Koortrade has to supplement its own line of goods.)

Of the \$270m. in exports, only \$128m. — or about 48 per cent — were sales of products of Koor Industries. Another 30 per cent came from private companies, 17 per cent from kibbutz industries, and 5 per cent from government companies.

(Koor Industries, through its own separate marketing set-ups, exported in 1981 some \$326m. in addition to the \$128m. handled by Koortrade.)

The biggest market for Koortrade is in the U.S., followed by Africa, Asia and Europe, with South America accounting for the smallest — but an ever-growing — sum.

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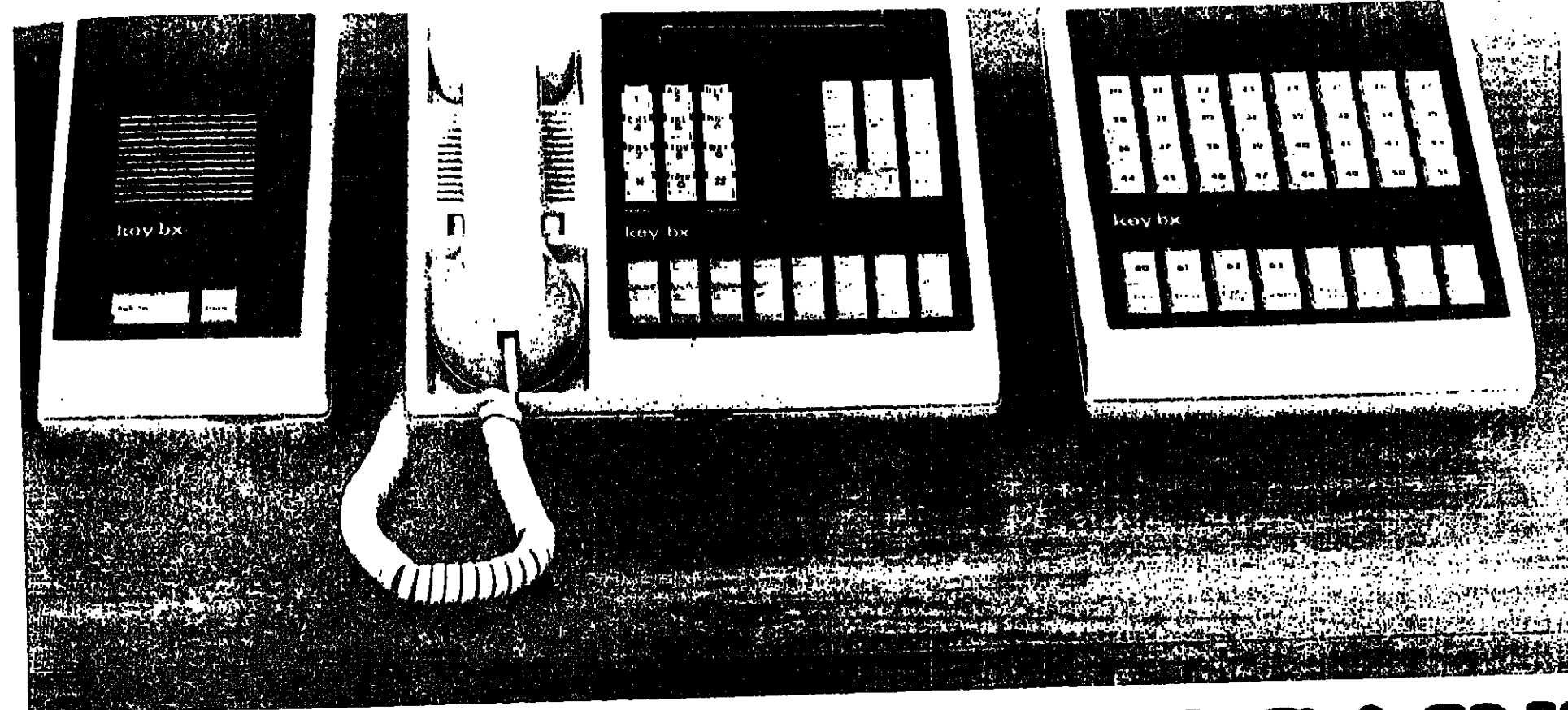
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ELECTRONICS 'BRAIN-GAIN'

The Post's Macabee Dean discovers how Israel has managed to keep its engineers—and attract others from abroad.

THE "BRAIN-DRAIN" which once plagued a variety of Israel work places has become a "brain-gain" — at least in the Electric and Electronics Division of Koor.

Gurion Meltzer, head of the division, notes that "during the past few years, we gained more than ten new engineers, equally divided between returning Israelis and new immigrants." During this same period, the division lost only one Israeli engineer, who emigrated to South Africa, and a few others who left for work in other Israeli plants. This, stresses Meltzer, or "Guri" as he is better known, is normal.

What has kept Israeli engineers at home, and has attracted others to settle (or re-settle) here, even if in small numbers?

"Engineers are much more motivated by interesting work than by high pay. Here at the division — which includes Telrad (telecommunications), Telkoor (military electronics), Keren Electronics (special electronics), and Koor Systems (communications and surveillance) — our engineers are given the best opportunity we can provide to prove their ability," says Meltzer. "And we go out of our way to recognize this ability."

Of the total work force of 2,500, more than 500 are engineers and another 500-plus are technicians. Last year, sales were \$72 million of which exports were 15 per cent. This year, the target is \$100m. of which one-quarter, it is estimated, will be exports.

For engineers in the division's various companies, there has scarcely been a dull moment in the last few years. Telrad is given as an example. "Within a few years we jumped — 'leaped' is a better word — from electrical-mechanical (telephone) exchanges to digital storing programme controls," explains Meltzer. Three years ago, Telrad did not have even one software engineer; today it has nearly 100.

Its markets are the Ministries of Communications and Defence, the private business sector and the export market. On one item alone, Telrad has increased exports to the U.S. from \$500,000 in 1980 to \$8m. last year, with the target being \$12m. this year.

WHEN IT comes to knowledge and technical skills, the ability of Israeli-trained engineers is very high, according to Meltzer. "They are at the best Western levels, and in some respects, are even better." One reason contributing to this higher level (in some cases) is that Koor plants, like others in Israel, do not concentrate in one line of products.

"This lack of narrow specialization makes our engineers more universal, flexible and adaptive," he says. The greater diversification of products, however, also lowers output since huge quantities of one product are not produced on the assembly belt set-up.

"We do lose a competitive advantage again because it takes us much longer to order components than our competitors in the U.S.," Meltzer explains. "We are also further from the testing laboratories. It would be ideal if we were working in a huge electronics industry community."

"Despite the distances from technological centres, the division has made a considerable contribution to the development of the electronics and telecommunications industry worldwide."

Proof of this is the Key BX system, which was recently developed at Telrad and which has already made its mark on the international market.

John E. Madrid, an American telecommunications expert, gave high marks to Telrad in an article on "the office of the future," published in the March issue of *Telephone Engineer and Management*.

"In the Key telephone system arena," he wrote, "Toshiba, NEC and GTE took second place to manufacturers like Telrad, Inter-Tel and Tie."

He continued: "Considering the user friendliness of the Telrad products, this is surely a manufacturer to watch."

As for the workers in general, Meltzer says they are not as good as those in America in some respects, yet in others they are better.

The Israeli worker, being more temperamental than the American, "gets frustrated much easier by repetitive work," he says. "In the U.S. you can find a satisfied worker doing the same repetitive job for 30 years. In Israel, after let's say two years at the same machine, he becomes bored. He wants a change."

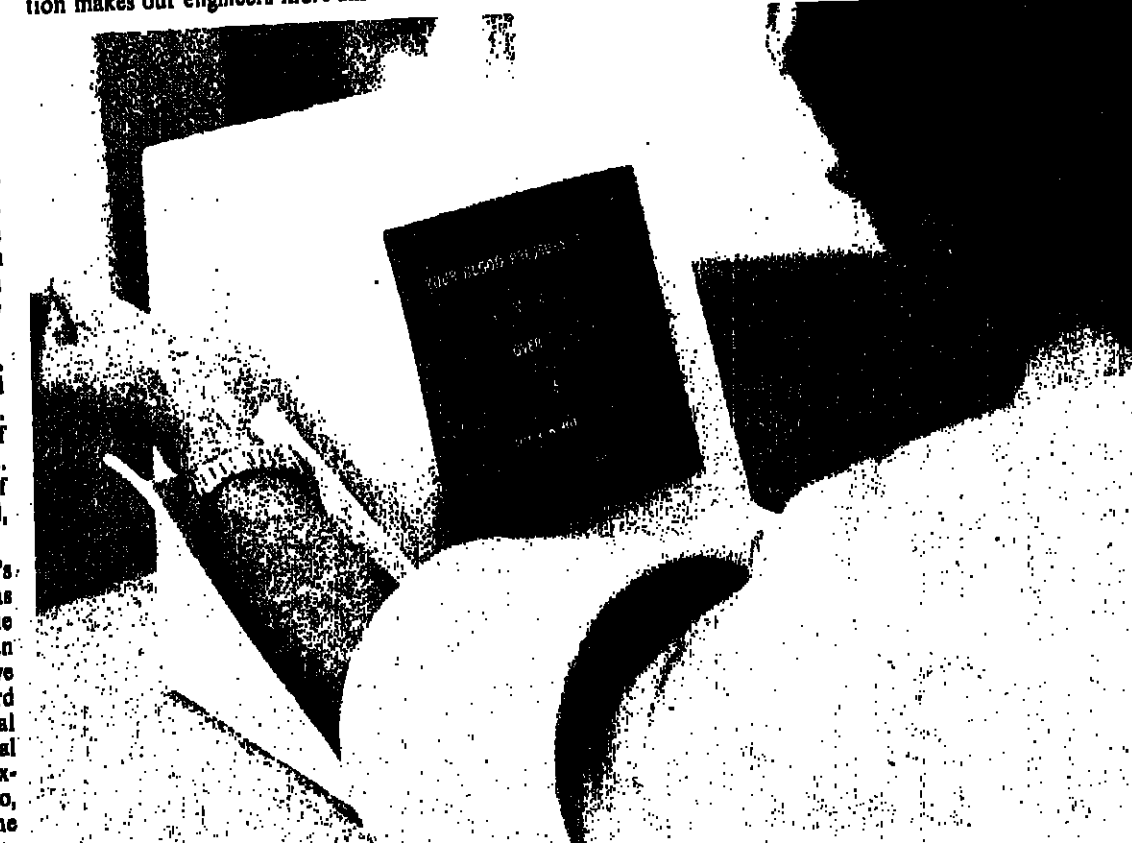
However, the Israeli worker is much more devoted and loyal — "if given the framework, interest and challenge. Moreover, he takes a personal interest in the success of his company." But whose job is it to provide the workers with the "framework, interest and challenge?" Meltzer admits that it has to be management, which sometimes has its "downs," but "is steadily improving."

"Worker devotion" has also been encouraged by Koor's Electric and Electronics Division's long-time policy of doing everything possible to expand its plants in the development areas.

"In Ashkelon — and for our purposes Ashkelon is a development town as most of the breadwinners work outside of it — we increased manpower in our plant last year by 50 per cent, and we plan to increase it by 30 per cent this year."

"Emphasis (also in Ma'alot, the only factory in Israel where telephones are made) is on employing the residents. There, some 85 per cent of our employees live in the town. If we employed 75 per cent workers three years ago, today we employ 200. We also brought in new engineers last year," says Meltzer.

The division encourages its professional staff to take advanced general and specific studies in Israel and abroad. These studies are financed by the division's enterprises, and the period of study is considered as regular work time.



THURSDAY, MAY 20, 1982

THE JERUSALEM POST KOOR SUPPLEMENT

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CONNECTIONS

The places where you need state-of-the-art equipment and systems — that's where you find Koor Electric and Electronics Ltd. A complex of companies served by worldwide marketing offices, we can be your connection to technology that is always tailored to requirements.

Connecting People
For many years a household name in Israel, Telrad has quintupled its exports in two years. The reason is digital computerized telecommunication systems designed to meet the needs of business and public networks in the eighties. Now the Key box, an extraordinarily simple to operate key telephone system with every modern EPABX feature, and some very new ones, is being welcomed by

IN THE RIGHT PLACES

leading aeronautics, plastics and diamond manufacturers, all over the world. Eltek's military and industrial printed circuit boards are characterized by multi-layer capacity and competitive pricing, even in small runs.

Connecting with the Future
Over 8 percent of our annual turnover is invested in R & D. Products for the

enable Telkoor to produce such diversified products as microwave data communications systems and equipment, electronic fuses, military power supplies, radar altimeters and an automatic self-use blood pressure tester.

At Keren Electronica scientists and technicians focus on producing military and civilian RF systems that match client specifications.



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The Computerized Numerical Control (CNC) systems for machine tooling, developed and manufactured by Elex are recommended and acquired by

office of the future, military systems that will project the next decade's combat realities, manufacturing equipment incorporating new technologies and human engineering concepts are among the projects to which our multi-disciplined teams are now dedicated. These efforts are further supported by our parent company, Koor Industries, Israel's largest industrial complex. We'd like to tell you more about our many-faceted activities. Contact us today. You'll make a good connection.



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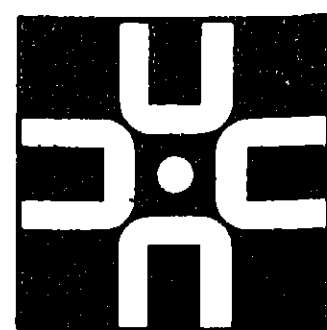
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Connect with technology

ALL IN THE FAMILY

The Post's Yitzhak Oked discovers the secrets of success for Koor Foods and Consumer Goods.

KOOR Foods Ltd., a division of the giant Israeli Koor concern is in itself a roof body for a vast variety of companies — some of which have nothing to do with food.

For example, it has two shoe factories Hamegaper (Haifa), and the Jerusalem Shoes Co. (Jerusalem). Then there is a Cosmetic Centre which includes the Helene Curtis and Mary Quant lines. One should also mention Koor Foods Ltd.'s two packaging material companies, Carmel Containers Ltd., manufacturers of corrugated cardboard cartons and round paper containers, and Tri-Wall Containers, producers of custom-made triple-wall corrugated cartons for air and sea cargo. Tri-Wall also operates a modern factory producing wooden pallets.

The reasoning behind this potpourri may lie in the fact that Koor within the framework of the large Histadrut family, is beyond everything else a concern with a socialist philosophy. For example, Hamegaper was added to Koor Foods, when there was a drop in sales of the shoe company's main product, rubber boots. The plant could have been closed and its workers fired. Instead, production lines were changed, and other changes made, all of which took time and money. Today, Hamegaper is Israel's largest shoe manufacturer; from rubber boots, it now produces a wide variety of sports shoes, slippers, army, work and safety shoes, boots and sandals. So it seems that the Koor philosophy not only makes sense from a socialist standpoint but from a business standpoint.

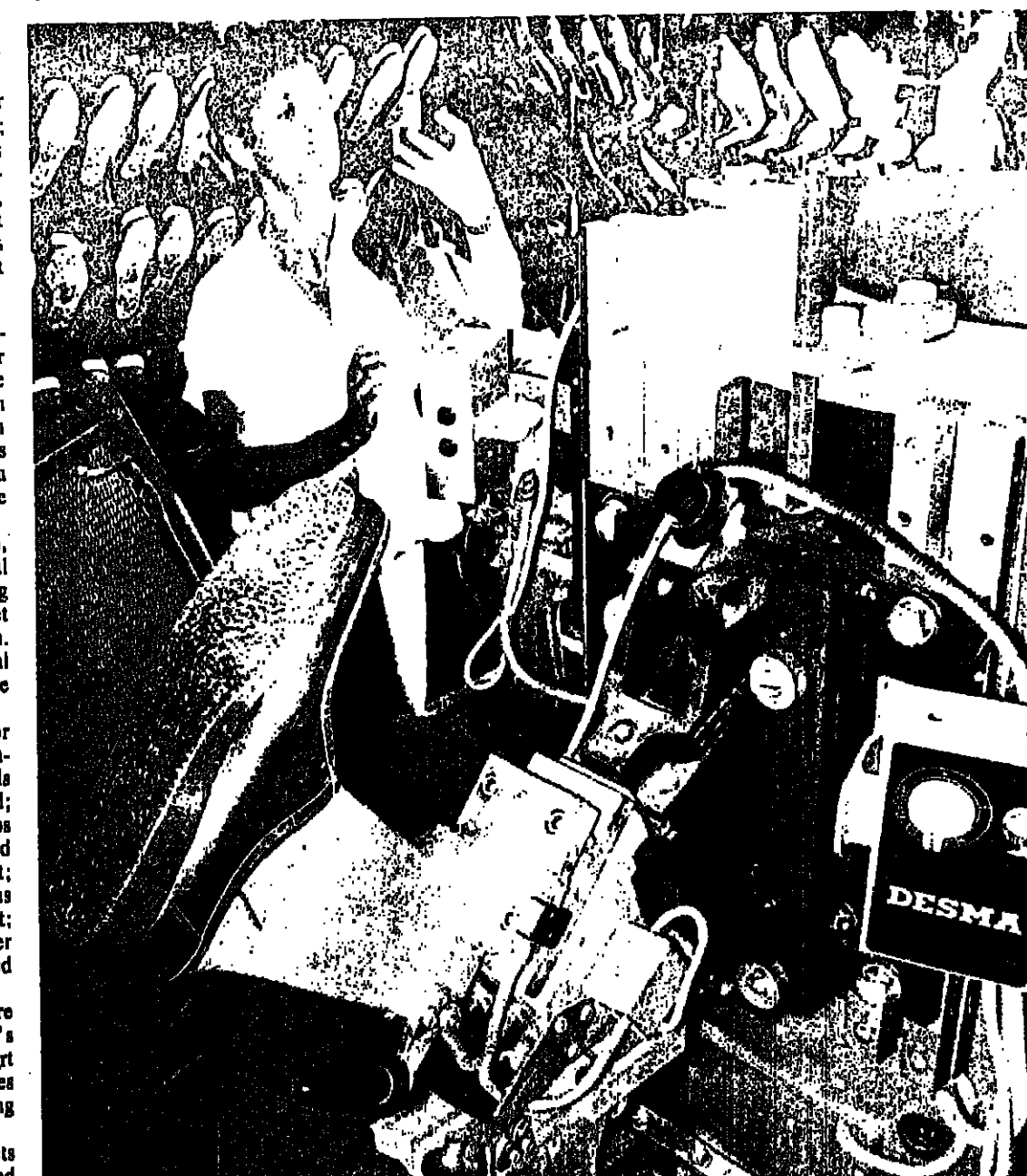
WHEN Benjamin Givli, the present managing director of Koor Foods, took the helm in the late 1960s, it consisted only of Shemen Industries Ltd. (Haifa). The growth of Koor Foods in many respects, is credited to Givli, who is also a member of the management of the parent company, Koor.

Givli's assistant, Dov Maiman, gave *The Jerusalem Post* some vital statistics for Koor Food during 1981: sales were \$300m. (1982 target — \$335m.); exports were \$28m. (1982 target — \$35m.). The total number of employees was 3,700 (the same number for 1982).

In Israel's local market, Koor Food's position is strong. It comprises: 50 per cent of all edible oils sold; 95 per cent of margarine sold; baking additives, 15 per cent; soups and spreads, 60 per cent; canned fruits and vegetables, 35 per cent; canned fish, 20 per cent; continuous sheet computer paper, 50 per cent; detergents and toiletries, 50 per cent; shoes, 20 per cent; corrugated cardboard, 40 per cent.

Koor Foods export activities are handled by the company's marketing subsidiaries, the export departments of various factories and the international marketing network of Koortrade.

Apart from exporting products including canned goods, powdered soups, continuous paper forms and shoes, Koor Foods also exports something else: Through its H.L.S. company in Petah Tikva, an engineering company specializing in the design and erection of margarine and edible oil extraction and refining plants, it exports in-



dustrial and technological know-how. These activities include planning, construction, turn-key projects and if necessary personnel training. H.L.S. has established factories in over 20 countries in five continents.

Maiman notes proudly that H.L.S. is building an oil extractor for sunflower seeds which is now being installed in North Dakota.

Maiman says that Koor Food's success is due to two factors: one is

the tightly-knit management team assisting Managing Director Givli. Each member of the team heads one of the company's professional divisions (Finance, Control, R&D, Technology, Marketing and Person-

nel). Together, they decide on policy, planning, goals, operational control and where new investments should be made.

The second factor for success is Koor Food's R&D activities, directed by the R&D department, which has a central laboratory, and also supervises each plant's individual laboratories, and the company's micro-biological institute. This department's strict quality control has given the company its reputation for high technical standards, which has led other leading Israeli food companies to use the services of the Institute.

The R&D department acts as fireman, solving unexpected problems arising in existing factories. It also provides expert guidance and advice in the development of new products. Today, researchers in this department are aiding other company scientists in new exciting fields, such as the use of chemicals extracted from algae for industrial and medical use.

During the past decade, Koor Foods has invested over \$16m. in R&D. By the end of this decade, Koor Foods officials estimate it will spend an additional \$30m. in its search for and development of new food and energy sources.

Some of the companies comprising Koor Foods involve Shemen Industries, and Elz Hazayith, manufacturers of edible oils, detergents and toiletries.

ISRAELI Edible Products — Blue Band Telma is Israel's leading manufacturer of margarine, mayonnaise and mustards, powdered soups of all types, snacks and oriental specialties, puddings and cream whips. The company also owns the Shela company of Azad, which specializes in manufacturing soybean products and pet foods.

Mata Food Industries, located in the industrial zone of Emek Hefer, manufactures plain and flavoured margarines, soups for home and institutional use, processed cheeses and spreads as well as assorted condiments. Recently, Mata started making Israel's largest selection of home baking and dessert products.

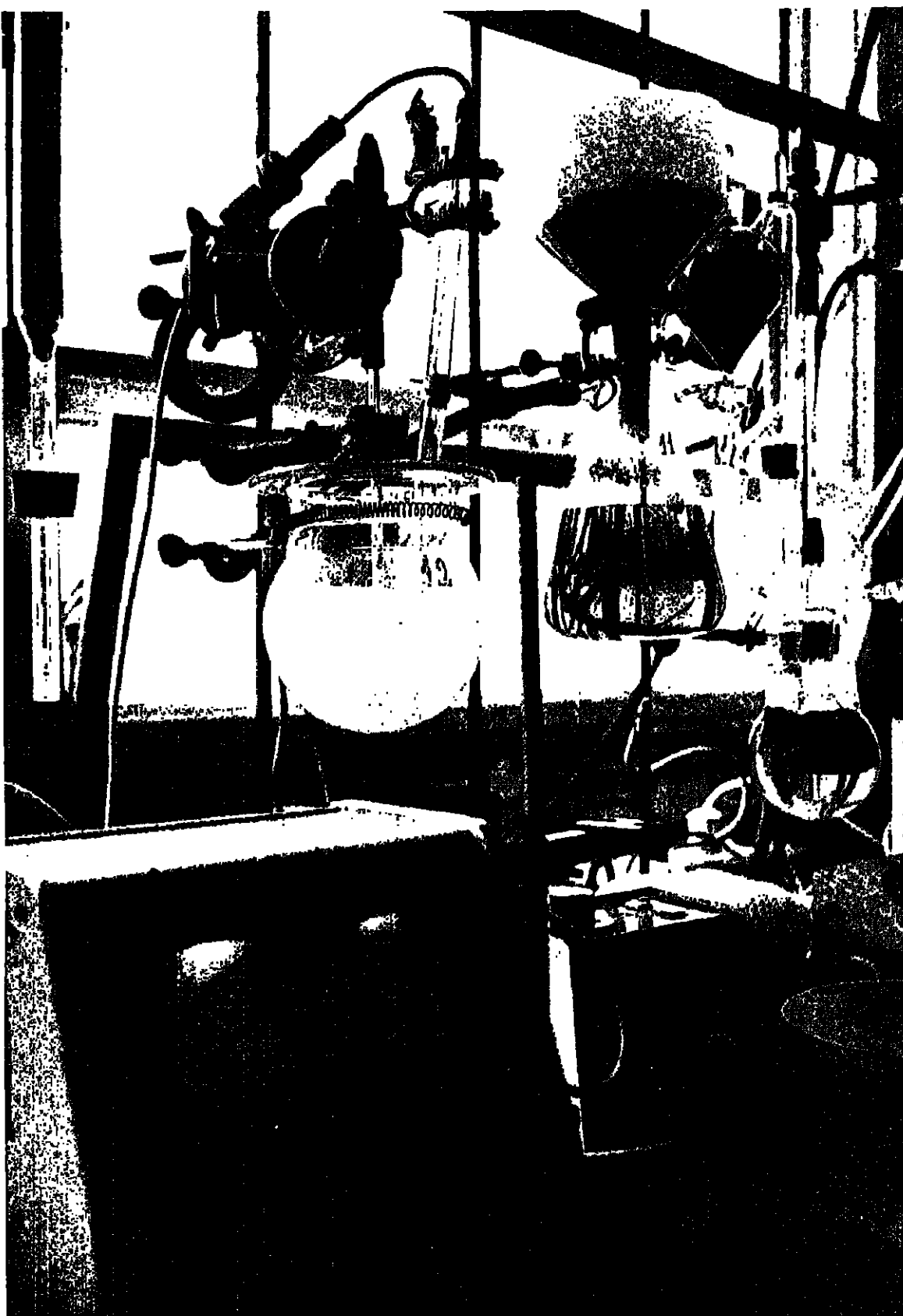
Beer-Sheva Flour Mills Ltd. is one of the country's largest and most modern flour mills, producing a complete line of flours for home and institutional use.

Noon-Yona Canning Industry, together with Galilee Fruits, export and produce for the local market canned fruits, vegetables, and citrus products. Noon-Yona has also several special products in canned fish, such as its Gefilte Fish. Galilee Fruits is preparing to go into the frozen vegetables market.

Jerusalem Paper Products manufactures continuous paper and special forms for computers, envelopes, stationery and diaries.

United Aerosol Industries is the largest plant in Israel for the production and filling of aerosols for pest control, cosmetics, cleaning and disinfecting.

Koor Foods import and export companies, which help them sell produce abroad and import raw materials and other products for the companies here are: American Near East Corporation; K.A. Fud Trade and Import Food Centre.



Above: Israel's 'Mr. Chemicals,' Zvi Zurr; left: Makhteshim's laboratory at Beersheba; right opposite: Makhteshim's new installation at Ramat Hovav.

Smell of success

Koor Chemicals, which employs just 10 per cent of the total work-force, accounts for some 30 per cent of Koor's exports, writes The Post's Aaron Sittner.

THE CHEMICAL redolence hanging in the air around the giant Makhteshim chemical complex outside Beersheba is no match for the striking beauty of the tens of thousands of flowers planted — and immaculately tended — in the lawns lining the paths around it.

The unhindered rays of the robust Negev sun bounce off the stems and petals, and the kaleidoscope of bright floral colours clashes with the drab stucco walls of Koor Chemical Group's corporate headquarters building.

Sitting in his office, Group director Zvi Zurr, Israel's "Mr. Chemicals," does not even notice

the odours of the surrounding atmosphere. In fact, the pungent smell of a newly developed pesticide reaching his office from the nearby extensive pilot plant and R&D facilities, is just as pleasing to him as the fragrance of a gardenia.

And, if a gardenia is also beautiful to look at, then so are recent annual sales and export figures for Koor Industries' Chemical Group.

Take 1980. In that year, Chemicals' part in Koor's \$390 million export total was a neat \$114m. Then, despite the world-wide recession last year, the 1981 export

scenario played out by the Chemicals Group actually showed an increase over the 1981 figures. (Even the most objective observer must admit that the Group's showing is remarkable.)

Though utilizing a mere 10 per cent of Koor Industries' work-force, the Chemical Group's chunk of the export achievements, year after year, stands at around 30 per cent.

The 3,000 employees of the Chemical Group work at the following facilities:

- **Makhteshim Beersheba and Ramat Hovav.** This is the group's flagship unit, home for the manufacture of crop protection chemicals — insecticides, fungicides, plant-growth regulators; also, industrial chemicals such as chlorine, caustic soda, acids, fire retardants and intermediates.

- **Rotoplas Jerusalem.** Here polyethylene and other thermoplastic hollow forms are produced by the roto-moulding technique.

- **Gamla Netanya** specializes in the manufacture and regeneration of rubber products — both natural and synthetic.

- **Polymers of Caesarea** deals with polyfoam, rigid polyurethane foam, and decorative panels.

- **Vulcan Haifa and Tefen** manufactures automotive and industrial storage batteries and has facilities for lead refining and producing lead compounds.

IN ADDITION to these wholly owned units, Koor Chemical Group includes:

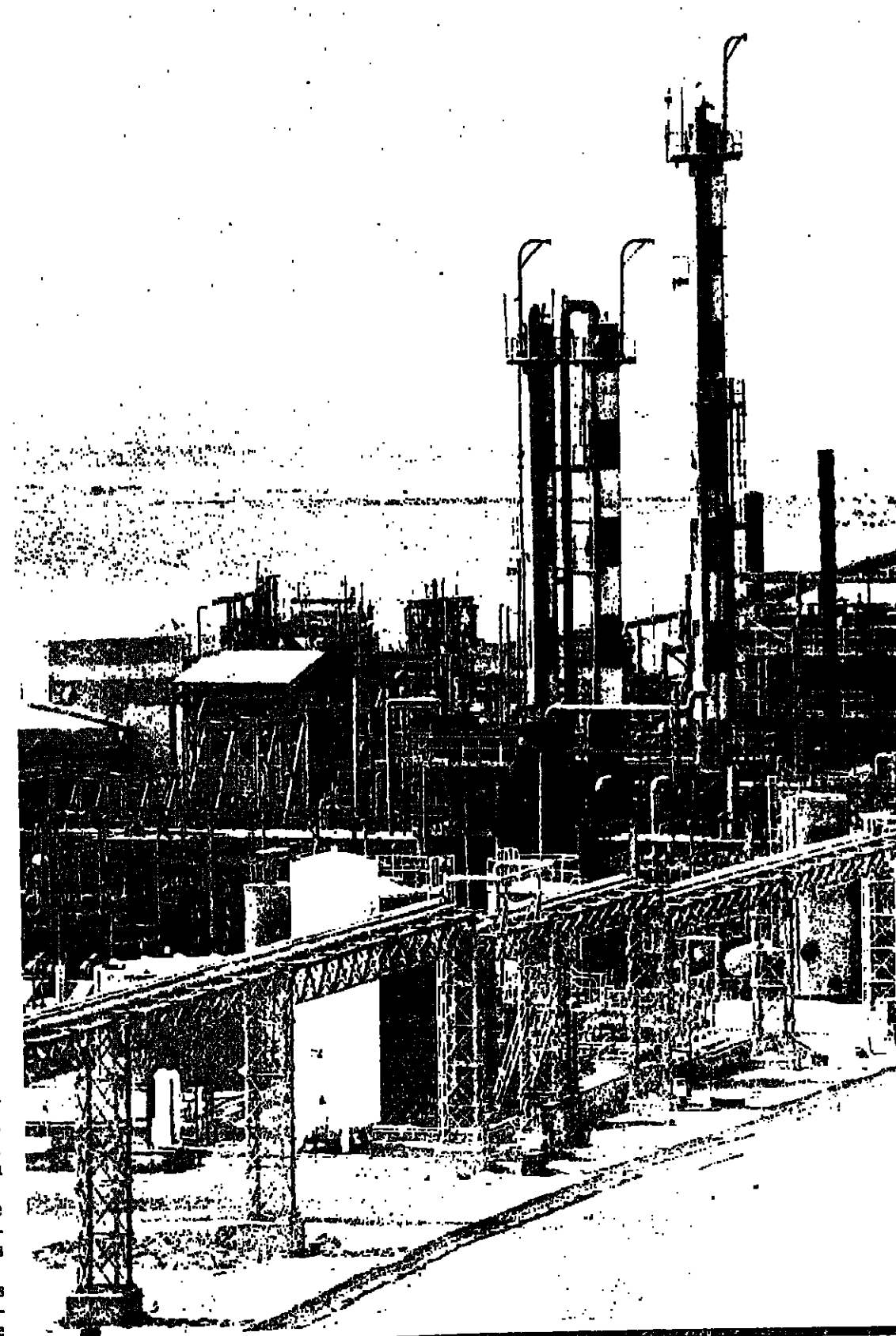
- **Agan Chemicals of Ashdod**, (50 per cent), maker of herbicides and other crop-protection chemicals;

- **Tambour Acre** (51 per cent equity), producer of paints and coatings in modern plants in Haifa and Acre.

Koor Chemicals also owns a minority interest in the Teva Company, a large pharmaceutical conglomerate, after merging two of Koor's own drug manufacturers — Ikapharm of Kfar Sava and Plantex of Netanya — within the Teva group.

According to Zurr, the average value-added component in the output of Koor's Chemical Group is "50 per cent or higher."

And "50 per cent" also happens to be the ratio of the Group's exports to its total sales. In fact, the



Chemical Group is so export-oriented that while its sales account for 15 per cent of Koor Industries' total, the Group's exports represent double that amount — 30 per cent.

Research and development is naturally a vital part in any chemical industry's life. At Koor Chemical Group, \$5 out of every \$100 turnover goes for R&D. Laboratories and pilot plants are maintained in Beersheba, Ashdod, Haifa, Acre and Jerusalem.

With local environmentalists breathing down its neck, Makhteshim Beersheba is working hard to ease all of its crop protection and industrial chemical manufacturing activity out of Beersheba and into the desert industrial park of nearby Ramat Hovav.

Part of that programme is a \$50m. venture — about half-way completed — aimed at producing all chlorine and derivative products, as well as phosgenation items, in Ramat Hovav.

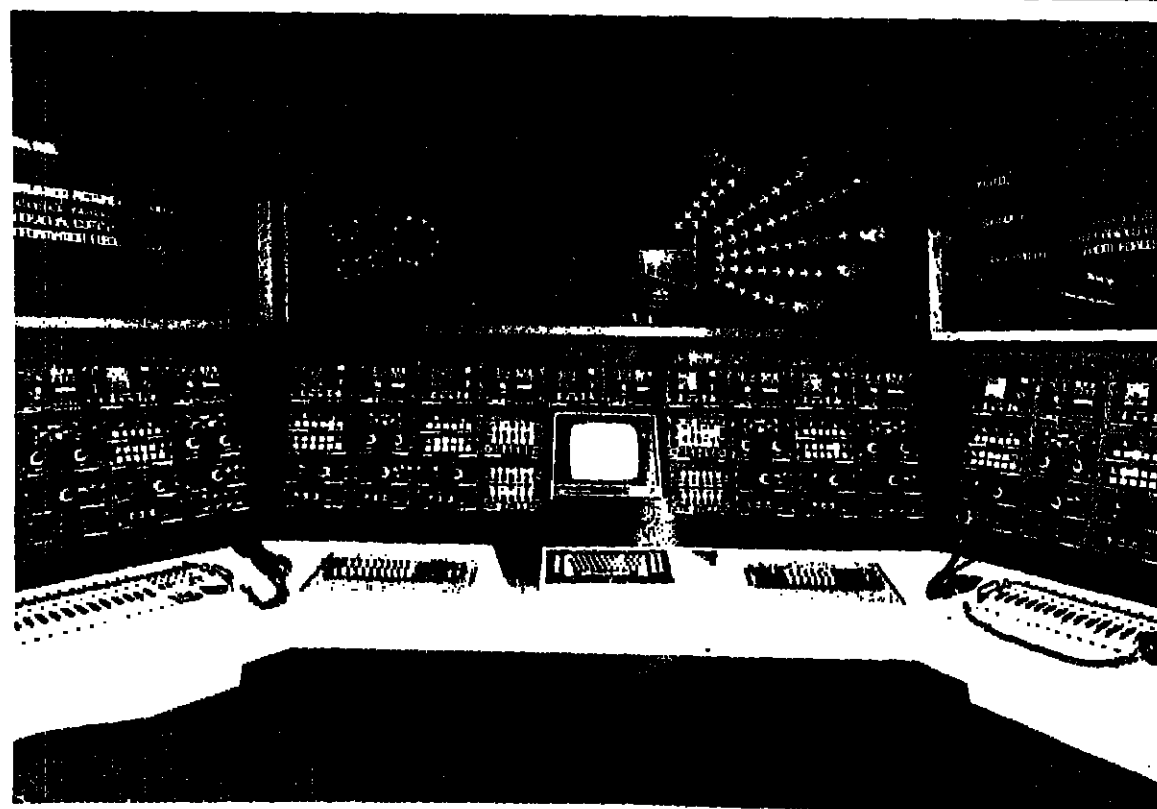
"Eventually," Zurr told The Jerusalem Post during a recent interview, "all we will manufacture here in Beersheba will be fragrances and fabricated plastic articles."

With an eye to the future outside the Beersheba area, Koor Chemical Group earlier this year acquired the 3-H Company of Carmiel, a manufacturer of industrial gas used in the etching process of electronic printed circuits.

Zurr adds: "Electronics is a promising field, so we also recently picked up a 50 per cent interest in Sefolan Company, a kibbutz industry, maker of reinforced plastics used for printed circuit boards."

Still on the drawing board — and in Zurr's imaginative mind — are plans for Koor Chemical Group's entry into the exciting new field of bio-technology. If this programme succeeds for Koor, it will mean Israel could become a world leader in utilizing, through technology and genetic adjustment, the living processes of micro-organisms for the production of chemicals.

Zvi Zurr concludes: "The slow-down in the economies of most countries should not lead us into a zero-growth area. We must keep pushing ahead, in preparation for better times on the world market. That is why we are setting our sights on these two new fields, electronics and bio-technology."



Tadiran's tactical, strategic command and control system.

Aiming for excellence

Tadiran managing director Yigal Ne'eman tells The Post's Yitzhak Oked about his company's fight for a slice of the world market, about two-thirds of which is closed to the Israeli firm.

WHEN ENTERING the offices of Tadiran, the largest electronics company in Israel and the country's second largest industrial enterprise, you expect to encounter a flurry of activity — phones ringing, people rushing about, papers flying everywhere.

Instead, the atmosphere there is surprisingly calm. Walking into the office of Yigal Ne'eman, one finds Tadiran's managing director relaxed and tireless. At 40, he is one of the youngest managing directors in Israel's industrial community.

Tadiran was created in 1961

when two small companies, Tadir (communications components), and Ran, (military and consumer batteries), were united. Today Tadiran has five manufacturing divisions and six subsidiaries, each with its own specialized operations. It manufactures military communications and electronics equipment, telecommunications, industrial and consumer products, and employs over 9,000 workers.

The Tadiran enterprise is jointly owned by Koor Industries Ltd. and General Telephone and Electronics International Inc. (GTE), which

each hold 45 per cent of the company's stock. The remaining 10 per cent of the stock is owned by Tadiran employees.

Among the other top-ranking managers at Tadiran — most of them engineers — Ne'eman, an accountant, is somewhat of an anomaly.

"I think that today appointments are made after studying the basic qualities of the applicant, not his military background or what he studied at university," he says.

Ne'eman's own rapid advance to Tadiran's Number One spot seems to have surprised many — including himself. After finishing his studies at an ORT trade school and at Hebrew University, he began his career as a junior comptroller in a small office, then went to work for Telco, a telecommunications firm which was eventually taken over by Tadiran.

The company's management was impressed by the young accountant and transferred him to the parent company where, after four years as chief accountant, he was appointed manager of the control division. Two years later, Tadiran's control and financial divisions merged and he became corporate

vice-president and manager of the merged division.

THE BOARD of Directors of Tadiran consists of Ne'eman (an ex-officio member) and six others, including three representatives of GTE, and three Koor representatives — board chairman Elkana Caspi, Yishayahu Gavish and Joe Levy. The board meets several times a year in Israel to discuss new investments, budgets, financial reports and to survey the company's general activities.

THE COMPANY's sales volume reached \$340m. in 1981, of which \$140m. were in exports. Tadiran manufactures a comprehensive range of tactical military communications equipment for ground, sea and air applications; electronic systems, including advanced communication systems and sophisticated air-reconnaissance systems.

In production for the civilian sector, Tadiran manufactures a variety of telecommunications equipment, such as large public telephone exchange installations, push-button dial and carrier systems. Other

items include refrigerators and various types of air-conditioners.

Tadiran is also very active in the manufacture of components and energy sources, including both conventional dry batteries and the most advanced lithium battery products. Tadiran's micro-electronics plant contains Israel's first in-house capability for thick-film hybrid modules. This plant also designs LSI (large-scale integration) monolithic devices and multi-chip assemblies.

Of the other companies that belong to Tadiran, EL-OP specializes in electro-optics, while in a totally different field, Electric Wire and Cables Co. manufactures cables.

The company is investing heavily in new-product development and over \$30m. is already being invested in 1982. Around 600 engineers are involved in developing these new products, and this number should increase over the years with the continued expected growth of the company. Already in 1981, 55 per cent of the company's sales resulted from its own product development, and within five years this is expected to reach 80 per cent.

"WE HAVE to fight very hard for our piece of the market," says Ne'eman. "We need excellence in everything we make and for this, we must work extremely hard."

"We do not have an easy life in the world market. About two-thirds of the world is closed to us, either because of external political reasons, or because of internal political reasons in various countries who want to protect their own local industries. After all this, the foreign buyer needs a good

reason to purchase from us. The goods have to be of good quality and not expensive."

Just the same, Ne'eman is confident that Tadiran will continue to grow in sales abroad in real terms of about 10 per cent.

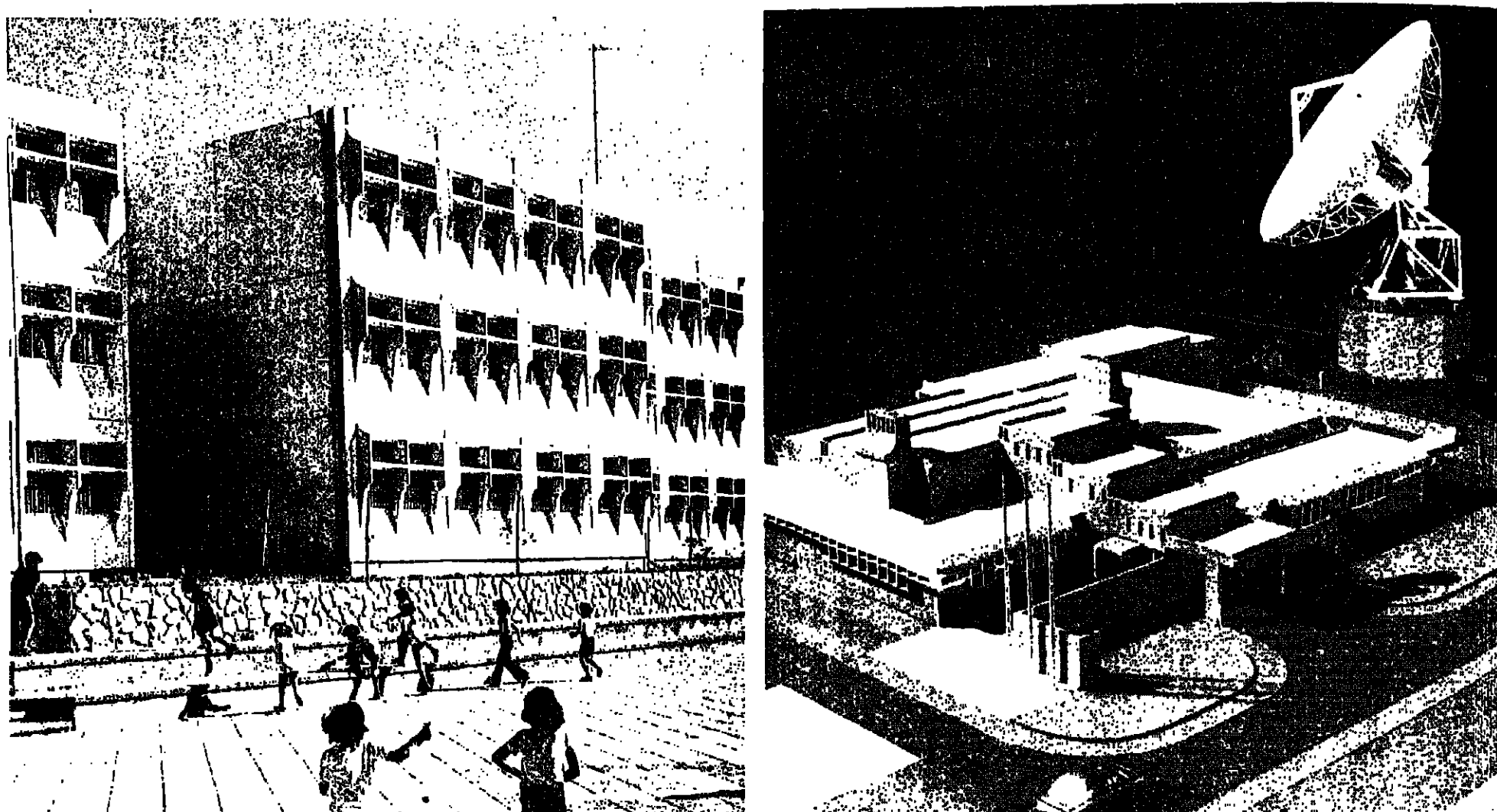
Ne'eman denies the rumours that Tadiran is planning to raise capital at the Tel Aviv Stock Exchange. He claims that a company loses part of its independence by going public, although it must devote some of its administrative efforts to maintaining a "liaison" with the exchange.

He is confident that if Tadiran needs money for future projects, it will be obtainable both from Israeli and American banks.

During the coming years, Ne'eman says, Tadiran plans to concentrate on its present areas of activity rather than break new ground. Particular attention will be devoted to the new systems division which he says has unlimited development potential.

Ne'eman was not willing to reveal the profits of the company since it is a private corporation, but when pressed, said the profits were generally higher than the average in U.S. businesses.

A selection of Tadiran batteries



Left: Innovative method of prefabricated school building construction by Yuval Gad. Right: A model of the satellite ground station at Emek Ha'elah. Vulcan Engineering constructed the antenna.

The search for new pastures

Yitzhak Ben-Dov discusses with The Post's Yitzhak Oked the future prospects of Israel's 'metal fist.'

IT IS impossible to summarize briefly the activities of all 17 plants of Koor Metals Ltd. — a subsidiary of Koor Industries — which can best be described as Israel's "metal fist," extended into some of the world's most competitive export markets.

Established in 1970, Koor Metals today is inextricably bound up in Israel's building and housing development industries. It employs some 3,000 skilled and unskilled workers — including 100 technicians and a larger number of engineers — and, like other local enterprises, has had some ups and downs.

An example of this is Yuval Gad Ltd., a company which now belongs to Koor Metals. When it was originally founded, this company produced the huge concrete pipes that carried water from the Kinneret in the north to the Negev in the south. When the job was completed, the workers were left without work and there were strikes and demonstrations.

Today all this is forgotten and Yuval Gad is one of the bright feathers in Koor Metals' hat. It manufactures pre-designed and prefabricated concrete buildings.

Israeli children in the country study in prefabricated classrooms constructed — in a short period of several months — by Yuval Gad. Because of the local budgetary system, municipalities usually do not receive funds to build schools till after April, at the beginning of the fiscal year. Thus, there remains usually only four to five months till the school year starts.

Yuval Gad is then called in and it "saves the day" for the municipalities and mayors, who are under pressure by parents and

teachers to construct new facilities before school begins.

One of the major forces behind the success of Koor Metals — which exported some \$13.6 million worth of products in 1981 — is its managing director, Yitzhak Ben-Dov.

A brigadier-general in the reserves, Ben-Dov has been with the company since he left the army in 1977. There he held a series of high-ranking jobs. As chief of engineers, he supervised the building of the airbases in Sinai, some of the most sophisticated in the world. He also was in charge of the complex engineering work connected with the crossing of the Suez Canal by Israeli soldiers during the Yom Kippur War.

Ben-Dov's immediate superior is Yeshayahu Gavish, head of the Koor's Steel and Metal Group. With Gavish soon moving up to the post of general manager of Koor Industries, Ben-Dov is slated to take over Gavish's job, but will continue to manage Koor Metals, which is one of the divisions of the group.

Interviewing Ben-Dov, you see in him the analytical mind of an engineer in the way he answers questions.

How does he plan to change things in the future in the metal field? He laughs, and says very dryly, "the same way that I have until now. I'm searching all the time for new ways to do things. With modern technologies in our field we can not remain conservative."

"Israel is a little too small for us, and we must now increase our search for new markets. We will send several engineers abroad to oversee building projects and try to do some of the building of projects here in Israel, so that we can give



Yitzhak Ben-Dov

jobs to more Israelis at home. This means both bringing in export dollars and also supplying a maximum of jobs for local people."

AS AN example, Ben-Dov points to the project his company was involved in, setting up a cement plant in the bush of Togo. The steel structures for the plant were built in Israel, giving some 300 Israelis work for over a year and a half. Then, the completed structures were shipped to Togo by sea and by land, where it was constructed by 18 Israeli engineers and foremen, together with local workers.

Another example he gives is that of a floating jetty made in Israel for Iran in 1978, when the relationship between the two countries was still intact. This floating jetty was manufactured in Haifa, shipped to Iran and erected there by 25 engineers and foremen — in three months' time.

When asked if there are still countries where Israel can make a big killing in exports, he looks puzzled. The sky is the limit, he says, and explains the Koor Metals-Western Australia story. "I looked at the map and saw, in this huge part of that country, a place in the development stage that could use our expertise and help."

Koor Metals recently established a local branch there and is already participating in tenders. The plan is to produce half of all necessary products — in steel and metal — in Israel, and the remaining 50 per cent there.

What specific directions would he like Koor Metals to turn to in the future?

Ben-Dov answers, "I think we need to go into the aeronautics field. We missed out in the Lavie project and we cannot let this happen again. Also we will have to go in — with more of a 'push' — to the energy field, find new energy-saving devices."

"Last but not least, we must start developing our own made-in-Israel robots, since robotics is no longer part of future but of present industry."

One of the companies of Koor Metals is Vulcan Engineering, which itself is composed of several divisions. Its construction division produces building structures and parts, its aviation division manufactures and assembles parts for aircraft and vehicles, another division produces equipment for chemical and petrochemical processes, while yet others make a wide range of cranes, and railroad freight wagons for transporting minerals and acids.

Koor Metals' Solarom Systems company specializes in manufacturing solar collectors and systems,

while Meint Projects M.P. Ltd. manages and executes a whole range of metal-working projects.

Hamat, Damat, Hamoz and Gilmat are Koor Metals' companies which produce an exclusive line of kitchen and bathroom fittings and appliances. Agan Engineering makes steel arch hangars, highway guard-rails and steel-lined plates for tunnels. Hamat Engineering deals with all types of steel and steel-plate construction for crude-oil tankers, cranes, harbour barges, floating jetties.

Agan has also completed 70,000 metres of construction for the MFO, as well as the Israeli and Egyptian terminals that were necessary after Israel's withdrawal from Sinai.

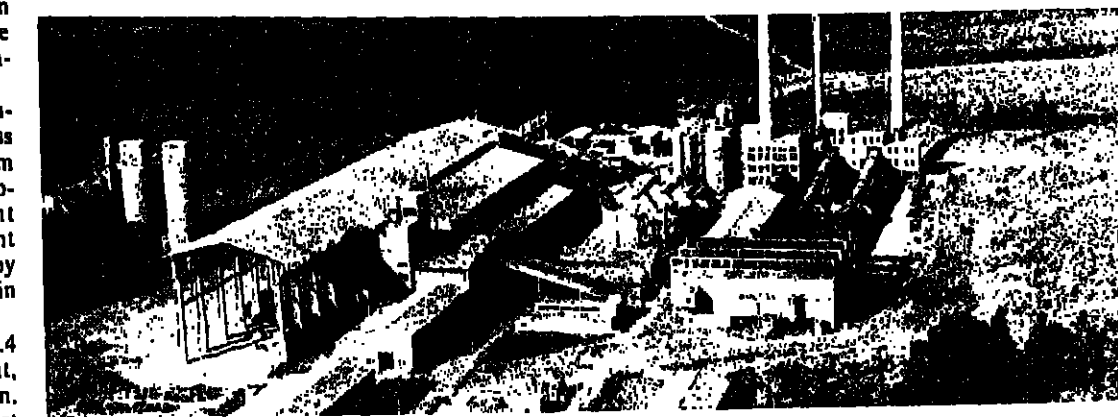
All this was completed to international standards and on time at costs that were competitive with international companies. Indeed, the company says it can construct buildings of any size within four months.

Another Koor Metals enterprise, Ramim Engineering, specializes in light construction products, for agricultural and hospital use, among other things. Oichner-Ramim Ltd., a division of Ramim, manufactures insulated aluminium panels used for temporary or permanent communications centres, relay stations, military command posts and radar stations.

Simat Works produces precision-machine tool parts, diesel engine and aircraft parts; Merkavim Metal Works manufactures bus-body components, custom-built automobile bodies, trailers, truck cabins and containers; and Koor Metals' Israel Cutlery Industries makes stainless steel cutlery.

Cementing the nation

Roberta Elliott discovers the world of Neshet



Above: The Neshet cement plant at Ramle; top: Menahem Aviram.

and fled to Paris. At first refused a meeting with Baron de Rothschild, Pollack eventually managed to see his father's old partner.

Arriving in Palestine, Pollack purchased a 5,000 dunam strip of land, running from the Kishon to the peak of the Carmel. It was called Neshet, no doubt for the bird who inhabited its heights. In 1924, ground was broken for the Portland Cement Company of Israel, and in 1925 the first four kilns were already producing cement.

By 1945 the plant had been sold to Solel Boneh (before it spawned Koor), and the Central Trade Company (now part of Clal), and in 1953 a new plant was opened in Ramle, followed by a third at Har Tov in 1974. All three plants, which today

form Neshet Enterprises, are located on sites rich in limestone and clay.

CEMENT production is based on a simple chemical reaction. Heat is applied to a mixture of limestone and clay, which forms small black granules as it cools. Add gypsum and grind to a powdery consistency. Water is all that is needed then to produce a dough that hardens into rock-solid building material.

As simple as that sounds, the Neshet operation employs some 70 chemical and industrial engineers in its Tel Aviv R & D division. One area they deal with is heat. The temperature required to melt lime and clay is tremendous — 1400° C. At present, costly foreign oil is used to generate electricity to fire the

kilns. According to Aviram, the firm plans to convert to more economical, coal-generated electricity.

Within three years, the coal being brought to the giant electrical generators at Hadera, will also be imported for use at Neshet plants. It is a switch that the bulk of cement-producing countries have already made. When Israel finally goes coal, the only countries with oil-fired cement kilns will be those with oil to burn — Saudi Arabia, Iraq and Kuwait.

Although fuel expenses have somewhat handicapped Israeli industrial development, causing it to lag somewhat behind other industrial countries, Neshet will soon benefit from the local technology

boom. When the coal conversion goes into effect, Neshet's Ramle plant will also become completely computerized. Not only will this increase the site's production by a half million tons per year, 20 per cent jump over current output, it will mean that Israel will have the Near East's only computerized cement plant, Aviram says.

A BOOST in production levels is what Neshet needs. The domestic cement market eats up Neshet's entire output, keeping for the time being, out of the export market. Although Israel is rich in the type of lime needed for cement manufacture, domestic demand is so high that some 300,000 to 400,000 tons of lime must be imported yearly from other Mediterranean countries — a fact that drives expansion costs even higher.

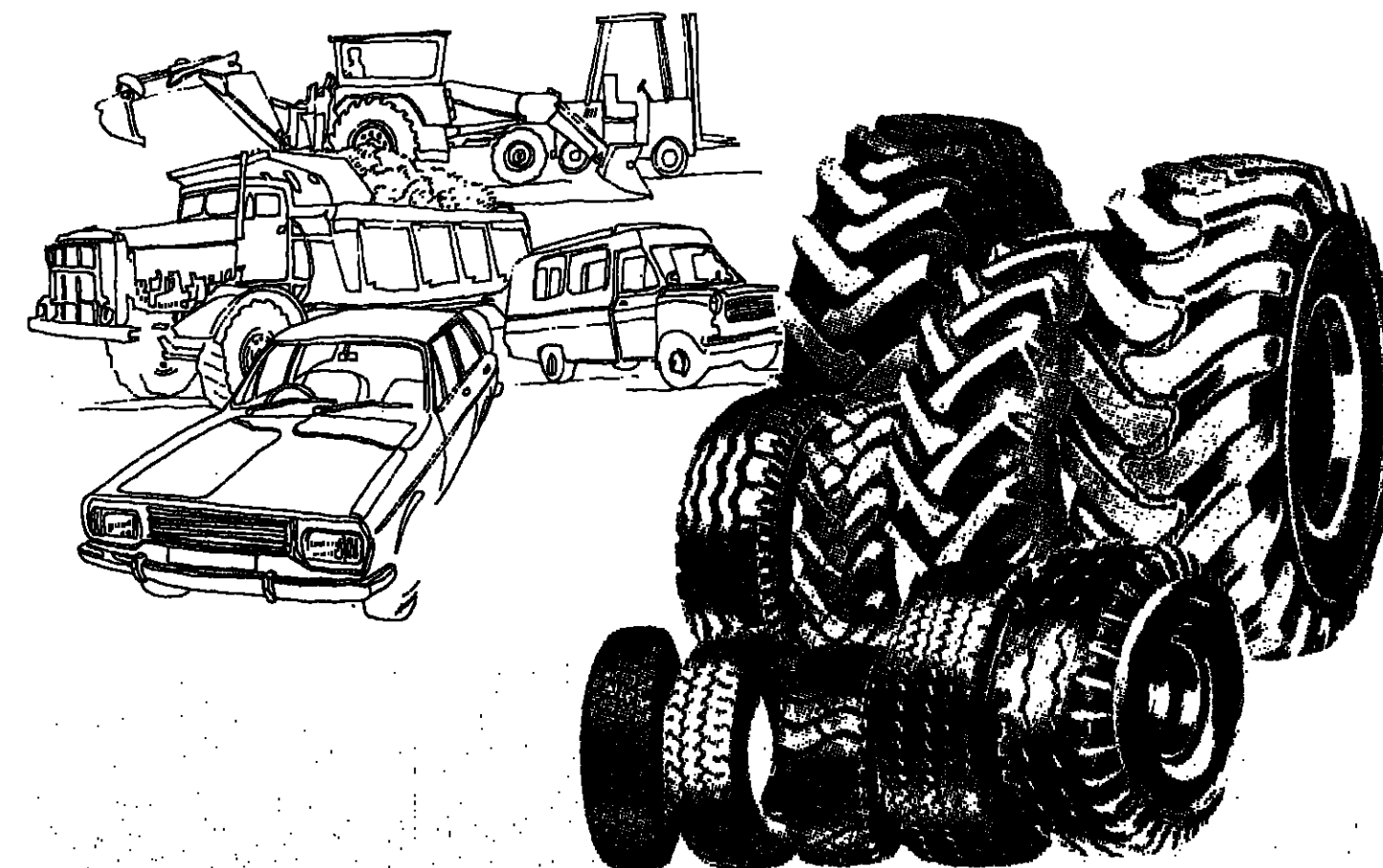
Neshet's history is one of stability and measured growth. ("In Haifa, we already have families who have worked for three generations in the plant," Aviram notes.) He likes to tell a story about company founder Michael Pollack.

While on his way to work one day back in the 1920s, the father of Israeli cement spotted one of his workers hauling rocks from quarry to factory in a horse-drawn cart. Pollack asked for a lift and the worker did not recognize him. "Sure if you want to go to that lousy place, I'll take you," said the worker. When they reached the plant, Pollack rebuked him, but not for his impudence. "He told him," Aviram says with a chuckle, "If you had enough room for me, then you enough room for more stones."

Alliance-Samson

ISRAEL TIRE INDUSTRY

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THE JERUSALEM POST KOOR SUPPLEMENT

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THURSDAY, MAY 20, 1982

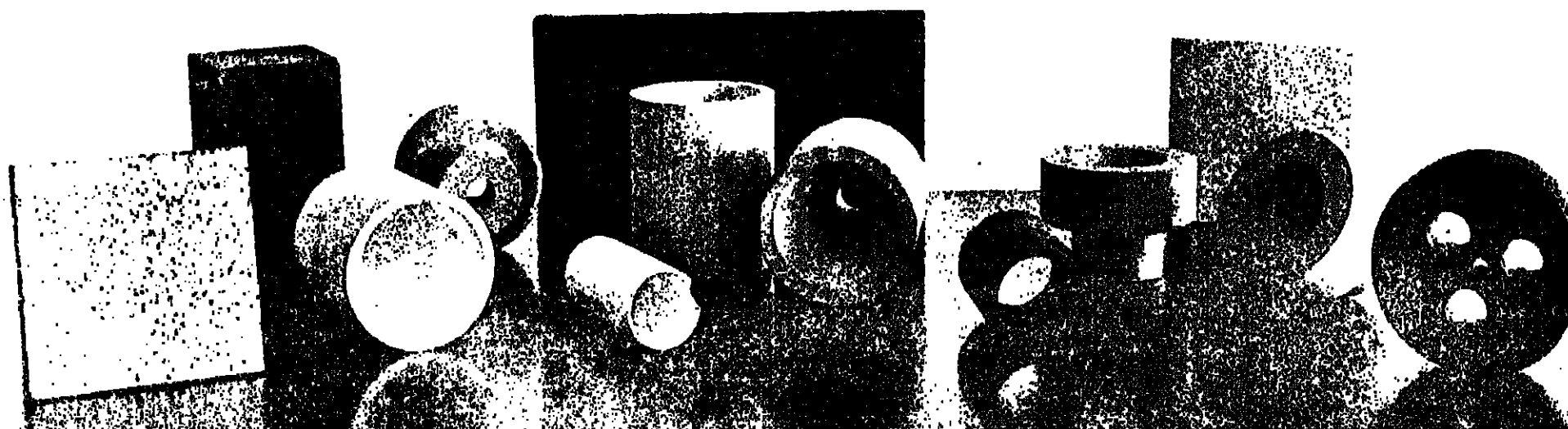
PAGE FOURTEEN

THE JERUSALEM POST KOOR SUPPLEMENT

THURSDAY, MAY 20, 1982

A PRETTY TOUGH FIELD

Koor's ceramics division is fighting an uphill battle against imports, writes The Post's Lea Levavi.



Above: Part of the range of Rami's refractories. Below: Na'aman porcelain tableware on display, soft-drink bottles coming off Phoenixia's production line at Yeroham.

THE WALL tiles and windows in your home, the plates on your table, the safety glass in the door of your office, and the decorative figurine in your living-room may all have something in common. They may have all come from the Koor Ceramics Works, Ltd. or the Koor Phoenixia Glass Works.

Both of these divisions, though separate from each other in their day-to-day operations, are managed by Zvi Shiffman.

Shiffman explains that there are six factories in the Ceramics Works, two each in three different fields. Harsa in Beersheba and Barbur in Acre make sanitaryware such as toilet bowls, kitchen and bathroom sinks, and wall tiles.

Lapid in Jaffa and Na'aman in Acre make plates, cups and other tableware for the hotel and restaurant trade, as well as the private home. Lapid works in stoneware, Na'aman in fine porcelain, and both firms produce vases, figurines and other decorative items.

The third aspect of the Ceramics Works is production of refractories, heat-resistant bricks and nozzles used in the steel industry, ceramics kilns etc. This work is done by the Hasin-Esh in Beersheba and Rami in Acre.

These last two factories are responsible for about half of the division's exports which are expected to total \$5 million this year. (Last year, the division hoped to export \$4m. in goods and only reached \$2.5m.) Rami, whose products are used primarily in the steel industry, exports 95 per cent of what it produces; about half of what Hasin-Esh makes is exported.

One of the Ceramics Works' problems is competition from imports. Sanitaryware and wall tiles come to Israel from Italy and, to a lesser degree, Rumania.

"Rumanian imports get official encouragement because they're the only Communist country with which we have diplomatic relations," Shiffman says. "Their work isn't as good as ours, but what does the builder care? As for Italy, they produce in tremendous quantities and sell all over the world, even at a loss, to get rid of the stuff. We can't formally prove 'dumping,' but we suffer the effects."

THERE ARE other problems, too. Demand for sanitaryware and wall

tiles rises and falls with fluctuations in the building market. A crisis in the steel industry, as is currently the case, lowers demand for refractories. And ceramic art objects aren't quickly bought by people who feel pressed for money. Even though we all must eat, the demand for tableware and coffee sets also isn't constant.

"Passover is usually the season for tableware because the hotels change their dishes," Shiffman explains. "This year, we sold about 15 per cent less during the Passover season than we had hoped to sell. It may have been because there are less tourists or because the hotels, too, are trying to cut costs when everything is so expensive."

The Ceramics Works' own costs

are high because its production is labour-intensive. Except for a few artists who design and hand-paint some of the tableware and the "art" line, the work is largely standardized and performed by people who can learn their tasks on-the-job within six months. But there are many machines and each must be attended to by a worker.

"In industry in general, between 20 and 25 per cent of the cost of production comes from labour expenses," says Shiffman. "In the Ceramics Division, it's between 40 and 45 per cent."

All the ceramics plants speeded up operations during 1980-81 by virtue of large investments aimed at the renewal of production, energy saving through a speed-burning

process, and plant modernization. All this was done with the aim of reducing costs and increasing output in order to compete more favourably with imports and to increase exports.

Investments were in the following spheres: Barbur — entire plant renewal involving an investment of \$5m. Na'aman — the addition of a modern speed-burning kiln and equipment for the manufacture of plates and cups involving an investment of \$750,000. At Rami, \$1m. was invested in a new kiln which resulted in a 30 per cent saving in energy. Kiln design and construction was undertaken by Rami's own engineers. Today, Rami exports to 17 countries, mainly in Europe, Asia and South America, with the U.S. a

recent client. The investment here was aimed at doubling exports figures.

At Lapid, an investment of \$750,000 was made to double production while reducing costs, with increased exports in mind. A total of \$1.3m. was invested in Hasin-Esh with the aim of doubling output and increasing the company's ability to cope with stiff international competition.

The \$1.3 million investment at Harsa (which included the acquisition of Italian know-how) has led to both increased production and an improved product, as well as the introduction of the very latest colours and models.

The sum total of investments over the three-year period amounted to \$10.5m. the profits of which will be reaped during the years 1982-84.

The division hopes to sell IS700m. worth of products in the local market this year, but the first quarter of 1982 does not augur well.

SHIFFMAN'S other division, the Phoenixia Glass Works, has three main factories, all on the same premises in Haifa. Each one makes plate glass, safety glass and glass containers. Another factory in Yeroham — where 400 out of the division's 900 employees work — also makes containers.

"Our problem with containers is that our capacity is too big now that everyone's moving to plastic bottles," Shiffman says, pointing out that it has been a while since milk and other liquids have been sold in glass bottles, and that the soft-drink industry has also moved to plastic.

At the same time, he adds, there are still countries in Africa and elsewhere which buy glass bottles; the container factories account for about two-thirds of the division's exports. Shiffman estimates that it will export \$8m. in glass containers, \$2m. in plate glass and \$1m. in safety glass this year.

The Phoenixia Glass Works has some of the same problems the Ceramics Works encounters. Ups and downs in the building market affect demand, and there is some competition from imports (again Rumania) but not as much as in ceramics. Phoenixia sold about 23 per cent of its quota for the year during the first quarter. The division hopes to sell about IS700m. worth of products in the local market this year.

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DESPITE A FALL in world sales of tires, Alliance managed to maintain growth during 1981, an achievement that can be attributed to the flexibility of the company's manufacturing capacity and the quality of its products.

Turnover during 1981 reached IS1.1 billion, while exports netted \$48 million.

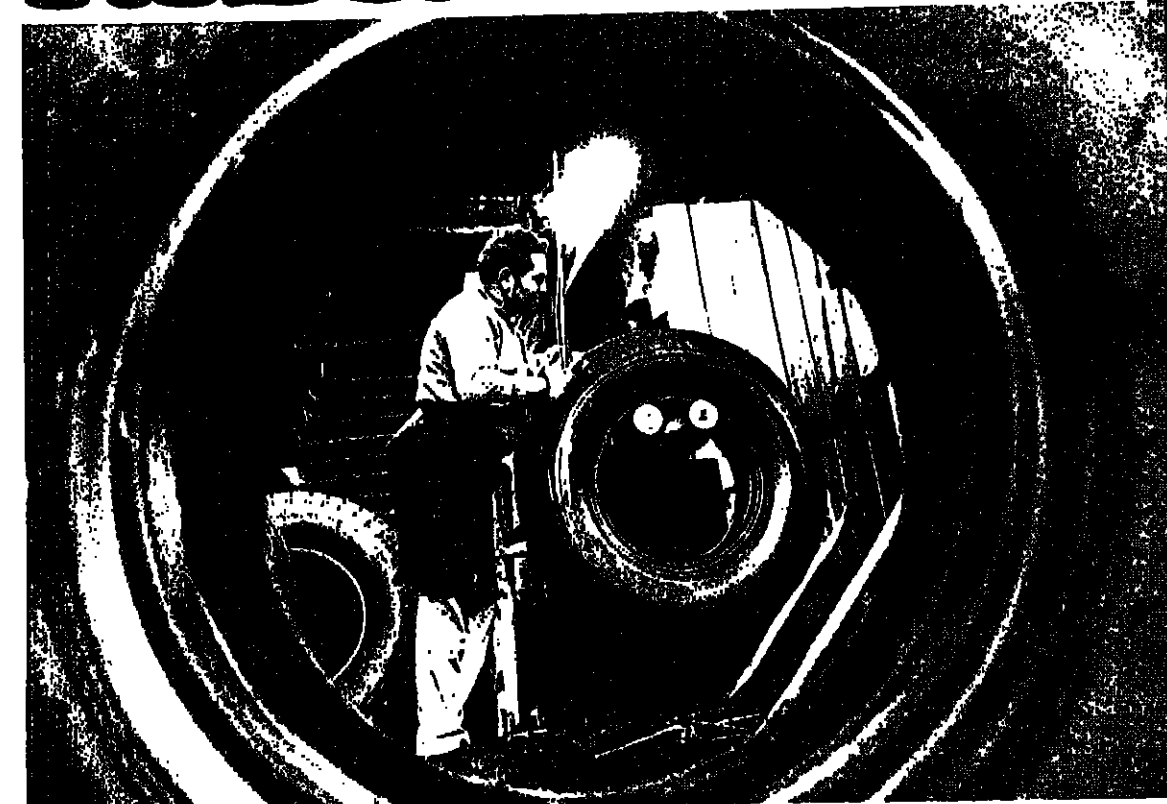
A new factory in Hadera has increased production capabilities and a number of important research and development projects are close to completion. With world oil prices stabilizing and even decreasing, people are certain to be driving further and consequently wearing down their tires that much faster.

But how has Alliance been able to keep its level of sales consistent amid falling consumer demand? The key to success has been the capacity both to mass produce the more popular tires, while at the same time being able to meet orders for "small run" demands, such as tires for agricultural vehicles, mechanical machinery and trucks.

These special types of tires are not only manufactured to the most exacting specifications but are also delivered promptly to all parts of the globe.

The company's tires are sold to 35 countries. More than 50 per cent of exports, amounting to \$25 million, went to Europe, particularly to Britain, Italy, France and West Germany. The United States purchased \$15m. of tires, while \$4m. worth of goods went to Asia and Australia and a further \$4m. were bought in Africa. In real terms, after allowing for inflation, exports rose by 20 per cent while in terms of quantity,

RIDING HIGH



sales increased by 12 per cent. And a confident company president, Mr. Greenberg, expects to grow to \$55m. during the year 1982 with turnover topping IS2b.

ASTIDE FROM its production flexibility and resourcefulness, Alliance scores points over its competitors

by its ability to adapt to the needs of the market at a moment's notice and most significantly because of its innovative approach to consumer requirements. A \$6m. investment programme for the expansion of those production lines most demanded on today's market, and research and development of more

dependable and durable tires to ensure that Alliance remains ahead of its rivals, is indicative of the company's dynamic ambitions.

More than \$2m. has been sunk into the increase of production capacity of radial tires for trucks and buses. These lines have been installed in the company's new

Hadera plant and are already producing several thousand tires each month.

Meanwhile, Alliance is involved in a potentially revolutionary research and development project. In cooperation with the Weizmann Institute of Science in Rehovot and a major international chemical concern, the company is making an amazing new tire that will not be produced from rubber.

A number of vehicles in Israel are already travelling on such tires and experimental testing seems to be nearing a successful conclusion. The tire is manufactured from a synthetic rubber called polyurethane and has a honey colour instead of the traditional black.

But the new tire's differences go far deeper than colour. Not only will it be puncture proof, consigning the inconvenient "flat" to a bygone age, but production of this "wonder tire" requires minimal manpower and relatively inexpensive technology.

Needless to say, the impact of this tire on the world market, when it is ready to be introduced, will have far-reaching consequences and will establish Alliance as one of the leading international companies.

Many companies would argue that such a measure, during a world recession, conditions of high unemployment, inflation and falling sales of tires, was the utmost foolishness. But in fact, it is this kind of fearless spirit and fighting enterprise that has established Alliance as Israel's 11th largest industrial concern and put the company among the top 25 producers of tires in the world.

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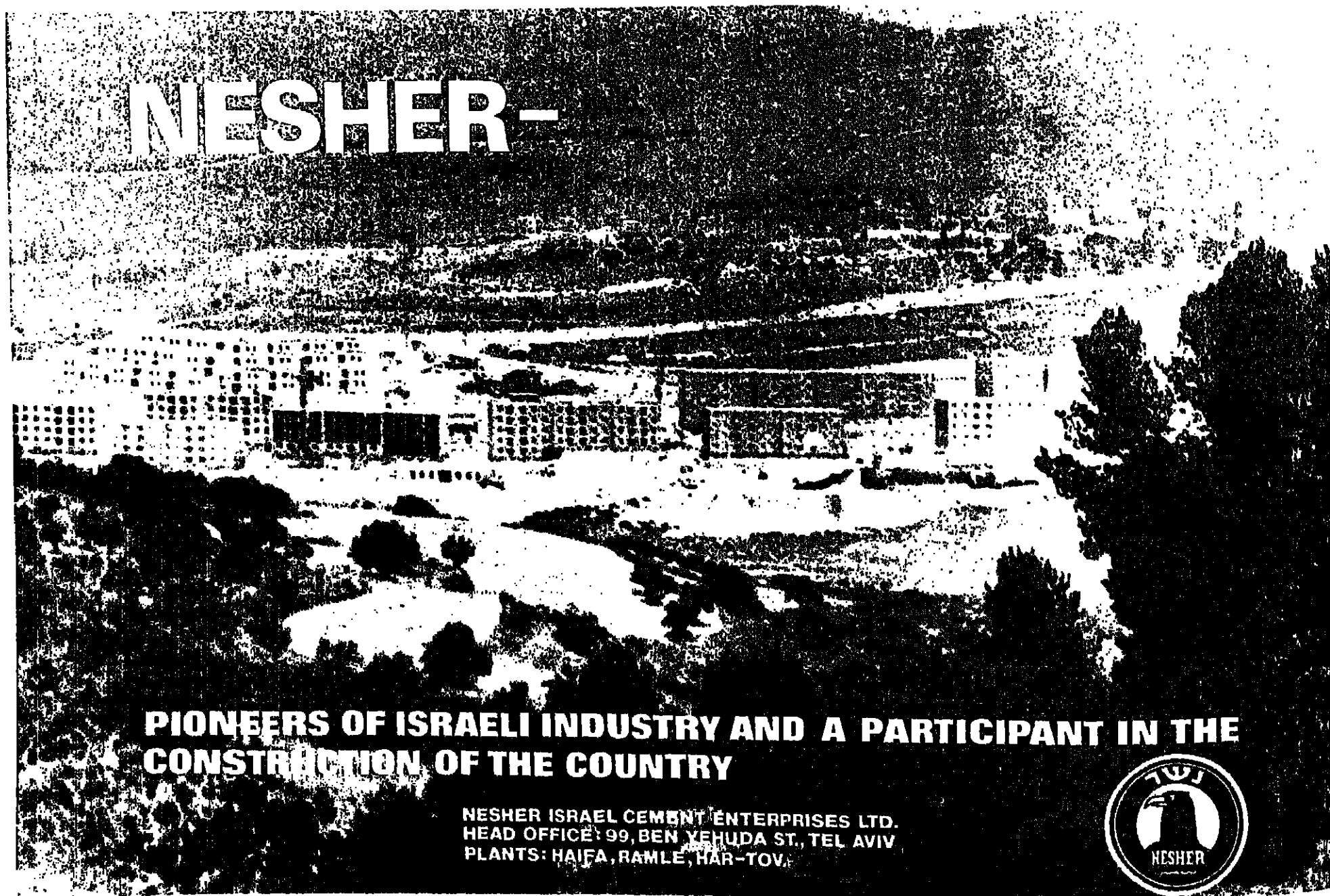
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IT TOOK the Israeli Steel Mills outside Acre almost 20 years to make steel-making pay. In 1977, they succeeded, and then in 1981, the worldwide steel crisis forced another loss on the plant.

Nevertheless, managing director Uri Baratson, who steered the factory into the black and in the process established reasonable labour relations in a factory notorious for their absence, looks forward to redressing the balance this year — though so far it is still in the red. Unless the plan to establish a second plant in Kiryat Gat by a private entrepreneur, the Hamegader wire and fencing company, is carried out, "in which case," he warns, "we'll both lose money and the country's contractors will pay more for their building steel."

The Steel Mills were established by Koor in 1958, four years after a rolling mill had been put up on the site. Those were the heady days of establishing Israeli industry, when "vision" rather than economic acumen were the watchword. From the German reparations funds, the company bought a furnace from the Siemens company of Germany, and embarked on a long, hard road of losing money, while providing the reinforcing steel needed by the burgeoning building industry. In those days, jobs were considered more important than efficiency, and soon the factory was employing 1,000 men, far more than was economically viable.

A decade ago, a German firm agreed to buy into the plant and help rationalize its operations, which resulted in the installation of two electrical arc furnaces, representing the most modern technology, but unfortunately having double the capacity needed. One of them has now been laid off, presumably permanently.

Coupled with their technological revival, the German partners, who have since withdrawn, insisted on rationalizing the work force, which resulted in a long series of strikes, sit-ins and hunger strikes, sometimes necessitating police intervention.

Uri Baratson, now 55, spent 24 years in the Army as an infantry officer, and retired in 1968 with the rank of Aluf Mishne. After stints with the Atarim company in Tel Aviv and a private builder, he took over management of the Steel Mills for Koor seven years ago. Today, the work force has been trimmed to a fairly lean 581, but labour relations are now "normal." Baratson is not an engineer, "but I have spent all my life dealing with men" and his training has included study at the Israeli and U.S. Staff Colleges and working as instructor at the Israeli college.

"I believe that we have solved our labour-relations problem. As for technology, there is nothing in the world today that we do not have access to," he told *The Jerusalem Post*. His work force includes 50 engineers and technicians "and they are doing a good job of developing innovations that keep us up to date all the time."

The Steel Mills produce building iron of from eight to 28mm. diameter and reinforcing bars and rib bars. The raw material is scrap, mainly industrial scrap from the factories in the Haifa-Acre area, augmented with imported scrap, which costs more than double.

Israel needs about 180,000 tons of building steel annually and the Steel Mills' capacity in a six-day week is 170,000 tons, but because of imports

Forging ahead

The Post's Ya'acov Friedler looks at the state of Koor's steel-making enterprise and finds that, while the Israel Steel Mills are in the red, managing director Uri Baratson expects to redress the balance.



(Warner Braun)

the factory has run up a stock of 25,000 tons of unsold steel, so that for the next two years it can satisfy the demand without a single bar being imported. Unfortunately, the fact is that even steel of the diameters the factory makes are now being brought in while financing the unsold stock costs the firm \$6m. to \$7m. per annum.

STEEL-MAKING is intensive in capital, energy, raw materials and work and it is also a very com-

petitive industry, which seems to operate in six to eight year cycles of boom and bust. At present there is great overproduction in the world, many firms have been forced to close down and the pressure to sell is great, which explains the imports while the made-in-Israel steel is stockpiled at the Acre plant.

Baratson said that study of the subject led him to the conclusion that the only justification for keeping a relatively small steel mill working in Israel is the availability

of scrap: 80,000 tons of it, for which he pays \$60m. per ton at the factory gate. The balance of 50,000 to 60,000 tons is imported at a cost of \$130 per ton, including the considerable shipping costs.

"Our only advantage is the available scrap, after the forges making high quality steel skim off the best 15 per cent of the scrap for their own use, for which they pay higher prices. If another steel mill is opened in Kiryat Gat as mooted, we'll both be competing for the

same scrap, so prices will inevitably rise to the imported scrap level, which will put us both out of business," Baratson noted. He doubted whether this would be preferable to the present situation of the Steel Mills being a "monopoly." In fact, of course it is not, "because we must compete with the steel available from foreign mills so that our prices are competitive and our technology must be constantly improved in the direction of more output with fewer workers," he added.

Not only does the Steel Mills not enjoy government subsidies which many foreign mills get to tide them over the present steel crisis but the Acre plant also has to pay purchase taxes on its products while the imported steel is exempt from it. The government has at last realized the anomaly of the situation and is studying ways to correct it, but this takes time and meanwhile the company must finance its unsold stocks, while some 50,000 tons of steel are imported.

Export of steel from Israel is not economically feasible on a regular basis, as more scrap would have to be imported to provide the extra raw material, which would drive up costs. However, in order to reduce its stockpile, the firm did make an export of 21,000 tons to Egypt in 1980. The company got the contract — at \$300 a ton, losing a little on the deal which it considered preferable to keeping the steel on stock — because it was the nearest available supplier. Today, Baratson noted, the price of steel has declined to \$270. There may be a possibility of unloading more of the stock by selling to an Israeli contractor with overseas work.

Baratson said they had decided to close down the second furnace "because it would not have made economic sense to import 100,000 tons of scrap to operate it." The first furnace is shut down on Saturdays because a computer analysis showed that a six-day week of round-the-clock work for the furnace was the optimal working time.

Despite all the automation, which is constantly being improved, steel-making is still a hard and hazardous job. As a consequence, steel workers are a tough breed and it is one of the few manual labour jobs that still attracts Jewish men in Israel. Whereas many blue collar men feel that being an industrial worker is something to be ashamed of, the steel workers are proud of their occupation and "I'm a steel worker" is quite a status symbol in Acre. It is also a well-paying job for the men on the production line, who comprise about half the total work force. Because they do shift work, they pay lower tax rates and their take-home pay goes up to IS15,000 a month, excluding overtime.

But their very toughness makes it hard to enforce even basic safety regulations on the production line. They will not put on safety helmets, shoes and goggles, because these are considered "sissy," and all efforts, both carrot and stick, to reverse the attitude, have been fruitless. Yet the plant's safety record is excellent and not only because it emphasizes safety conditions. "This is one area where Jewish brains exert themselves. My men seem to be able to sense when anything is about to go wrong and they jump aside just in time," Baratson said with a smile, but keeping his fingers tightly crossed. While he's at it, he concluded with the hope that this year at the Steel Mills, only the flames and not the finances, will be red.

(From page 5)

the various technologies in vogue. We should have done the opposite — adapt the technologies to the nature and character of the Jewish people.

"I haven't done any research on our national temperament, but looking back at the age of 60 after a long experience in human relations in industry, I can say with confidence that we all — Yemenites, Americans, Litvaks, Moroccans — have a common characteristic, despite 2,000 years of dispersion, despite our different pronunciations and mannerisms.

"The Jews wherever they dwell all underwent the same social pressures, shared the same insecurities, were denied the right to own and cultivate land, and were steered away from manual work. They developed over the ages a capacity to improvise, to change functions, to think quickly, to adapt in the face of altered circumstances.

"They are no longer parochial or insular, they have an international dimension, they are mobile and possess a keen sense of survival," Blumenthal says. Nor are they hide-bound by old habits and traditions. Independent-minded, they like to make their own decisions. They are restive, answer back, know better than their superiors, keep changing jobs.

All these idiosyncracies are not necessarily negative. Blumenthal sees them as something different — a talent that can be put to use.

HE HAS new insights.

"The age of computers and robotics is with us. These new technologies suit our people perfectly. Search as you will, you cannot find 10 welders in Israel to work three shifts. But you will find 10 technicians to operate a numerical control machine that does the welding for them.

"During the next two decades to the end of the century, we shall see a fall in the employment of manual labour in industry, and a corresponding increase in the demand for specialists with educational qualifications." Social differences exist, he adds, because of an educational gap in Israel — a gap which is being narrowed at an increasing pace today.

The role of the industrial worker will change as power is being gradually deconcentrated and decentralized.

"Once the boss was in command because he owned all the assets,

(From page 5)

the field of hardware for electronic systems, pipes for oil drilling, and agro-mechanics.

The second largest group, Communications and Electronic Systems, will have sales of \$400m. this year, but its export potential is considered the fastest-growing — especially in the field of electronics.

The Chemical Group, whose sales are estimated to total about \$250m., expects the second greatest export growth, mainly in the field of crop protection chemicals and intermediates (chemicals used in one or another stage of a particular chemical process.)

The export growth of the groups and divisions will be generally slower. But foods and consumer goods sales this year are estimated at \$250m.; non-metal minerals (glass, cement, ceramics), sales of \$100m.; and "miscellaneous,"

PEOPLE BEFORE PROFITS



The workers were underlings doing what they were told, like machines," he explains. "Today the ownership of assets is more widely distributed. The boss may possess the financial capital, but the technical capital belongs in large measure to the scientists and other professional staff in his employ."

Management thus is no longer the sole authority. The fate of the company is affected just as much by its teams of qualified personnel whose technical decisions play a large part in determining the course ahead.

This development is welcomed in Koor — precisely because the company is not privately owned but belongs to the community of workers. It is therefore open-minded towards processes of democratization. (Blumenthal did not mention it, but there is, apparently, a competition between the greater responsibility of the employed person that he describes and the extension of worker participation in management, now widespread throughout the Koor conglomerate.)

As automation and other sophisticated technologies extend their sway, he reflects aloud, production will outstrip consumption. "Agriculture used to employ 80 per cent of the working population. Now the figure in Israel is five or six per cent. It will, before too long, decline to something like one per cent," he predicts, "supplying all the produce needed."

"The same applies in industry. As more goods are turned out by less people, the working week will shrink and the problem of how to organize leisure will come to the fore."

"What is needed is a get-together of the best minds in the universities, industry and politics to consider this and other problems arising in the period of rapid change that we face, so that new events as they emerge do not take us by surprise."

He believes that the trends he has sketched out will be particularly beneficial to Israel, for two reasons. First, the technocratization and consequent democratization of the economy best the natural disposition of the Jewish people.

Second, life will basically be easier for Israel as a small country in the age of high technology. As Blumenthal puts it, "Productive capacity is not going to be determined in the future exclusively by numbers," that is, by the size of the labour force.

present administration."

Gavish divides the "problems" into two main areas. The first are those which every other industrial concern in the country ran up against, due to what he calls inefficient or poor national planning: soaring inflation, lack of support in stepping-up exports, lack of credits, unemployment due to the government's belt-tightening policies, and allowing foreign firms to "dump" their goods in Israel.

But the other type of hardship, says Gavish, "was aimed directly at us, although everything was done to hide this fact."

This included governmental refusal to provide financial help for Koor plants which ran into trouble "although non-Koor industries got such help," and such problems as "raising the customs duties on coffee — made by a private company — but not on metal products, which are made by Koor."

"We continued to develop despite the Begin regime," says Gavish. "Mainly because we were big, independent and important enough to face most problems. Nevertheless, we did suffer from the

The dynamics of Koor

development areas to help provide a livelihood for newcomers. About one-third of all our investments are in development areas.

"In the social field we do everything to see that if we have to fire a worker, alternative work is available. We have a profit-sharing scheme with our workers. We try to make each worker feel that his future depends on the future of his place of work. We have been successful to a great extent, as shown by our low rate of strikes and absenteeism."

And in the commercial field, he says that Koor operates on the "profit principle." This means, he explains, that "profits are used as a measure of efficiency, of success. It does not mean that the profits flow

into private hands. Our profits are ploughed back into expanding our enterprises."

In 1981/82, Koor invested \$150m. of its profits — about nine to ten per cent of turnover — in expansion. In addition, another \$50m. (about three per cent), went into research and development.

When the Begin administration took over in 1977, it was widely predicted that Koor would begin to face a stormy period. Almost five years have passed. What is the situation?

"We continued to develop despite the Begin regime," says Gavish. "Mainly because we were big, independent and important enough to face most problems. Nevertheless, we did suffer from the

KOOR from A to Z

A

ACTIVITIES. Koor Industries Ltd., Israel's largest industrial complex, has 100 industrial plants, 100 trade, commercial and financial companies and 50 management and property-holding companies. In 1981, sales totalled \$2.5 billion, with exports accounting for \$450 million, 31% of turnover. The Company's products were apportioned into other markets, including construction, defence, industry, infrastructure and telecommunications, food and consumer goods and agriculture.

B

BALANCE-SHEET. Koor's balance-sheet proves that profitability, can be combined with the principles of achieving national, social and economic goals. Koor is a unique organization with every aspect of its operation being guided equally by both sound business considerations and ideological principles.

C

CHEMICALS. The Chemicals Group, headquartered in Beersheba, is one of the Company's major groups, accounting for over 30% of total exports. The Agro-Chemical Division, producing primarily plant protection chemicals through the Makhshim-Agen complex, is the largest sector with the Group, also making substantial contributions in intermediates and pharmaceuticals, plastics and paints.

D

DEVELOPMENT AREAS. Koor invests heavily in locating export-oriented industries in Israel's development areas. These enterprises, which receive strong, continuing support, provide employment for the residents of sparsely-settled areas, while promoting Israel's drive to increase exports.

E

ELECTRONICS. Members of Koor manufacture 50% of Israel's electronic industry's exports. Tadiran is Israel's largest manufacturer of electronic and telecommunication equipment and systems. In addition, the companies comprising Koor's Electric and Electronic Division manufacture highly advanced telecommunications, sophisticated electronic products, systems and components for defence and civilian markets in Israel and abroad.

F

FOOD. Koor's Food and Consumer Goods Group includes Israel's largest manufacturers of edible oil, soap and detergents, as well as plants producing preserves, flour, baked goods, paper and packaging, cosmetics and toiletries, footwear and educational games.

G

GLASS AND CERAMICS. The Glass and Ceramics Division, producing products for home, industry and export, includes sanitary ware, wall tiles, porcelain and ceramic decorations and tableware. Special refractory products are sold to discriminating customers throughout the world.

H

HEVRAT OVDIM. Koor is wholly owned by Hevrat Ovdim, the economic arm of Israel's General Federation of Labour. Koor's activities and policies reflect the goals and aspirations of the country's workers, ideologically and specifically.

I

INTERNATIONAL. Koor's international activities have increased consistently in recent years. As a result of concentrated efforts to orient production, R&D and trade activities to the demands of overseas markets, Koor is today Israel's leading industrial exporter. Exports by Koor enterprises and its Trade Group and subsidiaries, account for 20% of Israel's total industrial exports.*

(* Not including diamonds.)

J

JOINT VENTURES. Koor is associated with many international firms through joint ventures and know-how agreements. A substantial number of Koor's enterprises are in partnership with investors both in Israel and abroad. Through fully or jointly-owned companies and plants, Koor carries out industrial, agricultural and infrastructural development projects on almost every continent.

K

KOOR. Koor Industries Ltd. is Israel's largest industrial complex and leading industrial exporter, ranking number 197 among the top industrial corporations outside the U.S.A. Koor places great emphasis on new technologies while constantly striving to promote and lead the drive towards Israel's economic independence and the steady improvement of conditions for its workers.

L

LABOUR. Koor's labour force constitutes 9% of Israel's total industrial employment. Koor workers are steadily increasing productivity and expanding into new areas of activity. In addition to the most progressive pension plans and social benefits in the country, Koor offers its workers many economic and professional advantages aimed at improving the quality of life of their employees and their families.

M

MELTING POT. The word "Koor" means "melting pot" in Hebrew. Koor is a melting pot of future technologies and basic traditions of people from 102 different countries. Koor makes special efforts to integrate new immigrants into Israel's labour force through a wide variety of professional training programmes and cultural and social activities.

N

NESHER. Nesher is Israel's sole producer of cement and a member of the Koor complex. In addition to Nesher, Koor is a major supplier to the building and infrastructure development sectors, as manufacturers of prefabricated and industrialized buildings, construction materials, fittings and installations.

O

ORGANIZATION. Koor's industrial enterprises and service companies are organized into Groups and Divisions, with manufacturing encompassing steel and metals, chemicals, electric and electronic products, food and consumer goods, glass and ceramics, cement and tires.

P

PROFIT-SHARING. Every year, Koor enterprises which achieve required levels of profitability share profits with their employees. This policy symbolizes Koor's philosophy that workers should share materially in the success of their enterprise. Last year, IS 30 million was distributed to workers as their share of the profits.

Q

QUALITY. The consistently high quality of Koor's products and services is based on advanced technological processes and stringent quality control. The foundation of these achievements is a work-force with the motivation and qualifications needed to ensure maintenance of the highest standards.

R

R&D. Research and development at Koor is directed at diversifying the Company's product mix and integrating new technologies. R&D projects are carried out at Group and plant level, often in cooperation with Israel's noted academic research institutions.

S

STEEL. The members of the Koor Steel and Metals Group produce materials, products and systems for almost every sector of Israel's economy. Pipes, steel bars and sheets, aeronautical components, agricultural machinery, armament and ammunition systems are only a few of the hundreds of products manufactured according to the latest technologies for customers in Israel and abroad.

T

TECHNOLOGY. Koor is a leader in the development, import, international and domestic marketing, foreign and international trade, consulting. Koor's technology turnover, is conducted through 45 offices on six continents. Koor represents not only Koor plants, but kibbutz industries and many private enterprises as well.

U

UTILITY. Utility has a broad meaning at Koor: the utility of a project or product is measured not only by its commercial feasibility, but also by its potential contribution to national and social goals. Investment programmes are undertaken only if they meet all three criteria.

V

VERSATILITY. The proven versatility of Koor is the result of the major production, service and human resources at its disposal. These resources enable Koor to adapt to changing market demands in Israel and abroad.

W

WORKER-PARTICIPATION. In Israel, Koor was the first to incorporate the concept of Worker Participation in management. Worker representatives are full members of Koor's Board of Directors and Executive Committee, while 22 Koor plants have Joint Managements.

X

X. The 'unknown factor' is always taken into consideration in Koor's short- and long-term planning. The future is considered a challenge at Koor, and the Company is always willing and prepared to adjust to new developments and to reorient its priorities.

Y

YEAR. To optimize its resources, Koor operates according to yearly work plans on both corporate and plant levels. These plans are drawn up in cooperation with all levels of management and reflect the goals expressed in the Company's long-term plans. The plans project a 10% compounded annual growth, realized through ambitious investment programmes, the continued introduction of the most advanced technologies and a steady effort to raise productivity.

Z

ZIONISM. The integration of new immigrants into the labour force, the development of new industries, the strengthening of Israel's development areas are all facets of Koor's total commitment to the Zionist goal — the continued growth of an independent and economically healthy homeland for the present and future citizens of the State of Israel.



KOOR INDUSTRIES

KOOR — GROUPS AND DIVISIONS
Groups: Koor Chemicals
Koor Food and Consumer Goods
Koor Steel and Metals
Koor Trade
Tadiran

Divisions:
Koor Electric and Electronics
Koor Ceramics
Koor Glass
Nesher